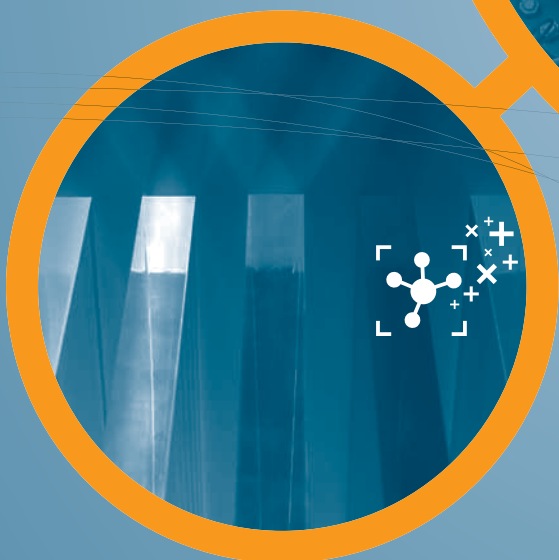
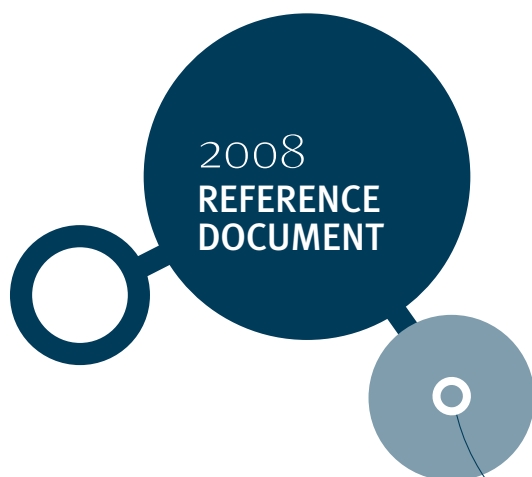


REFERENCE
DOCUMENT
2008





This document is a free translation of the French language reference document that received from the *Autorité des marchés financiers* (the “AMF”) visa number R.09-024 on 21 April 2009. It has not been approved by the AMF. This translation has been prepared solely for the information and convenience of shareholders of Arkema S.A. No assurances are given as to the accuracy or completeness of this translation, and ARKEMA assumes no responsibility with respect to this translation or any misstatement or omission that may be contained therein. In the event of any ambiguity or discrepancy between this translation and the French reference document, the French reference document shall prevail.

In accordance with its General Regulation, notably article 212-13, the French language version of this document was registered with the *Autorité des marchés financiers* on 21 April 2009 with visa number R.09-024. This document may only be used in connection with a financial operation if it is completed by a prospectus which has received the visa of the *Autorité des marchés financiers*. This document has been prepared by the issuer under the responsibility of its signatories. The registration, after examination of the relevance and internal consistency of the information regarding the Company's situation, does not imply validation of the accounting and financial information presented.

Pursuant to article 28 of European Commission (EC) rule n° 809/2004, this reference document incorporates by reference the following information:

- the consolidated financial statements for the year ended 31 December 2007 included in chapter 20 of the reference document granted visa n° R.08-026 by the *Autorité des marchés financiers* on 17 April 2008, as well as the statutory auditors' reports related thereto;
- the consolidated financial statements for the year ended 31 December 2006 included in chapter 20 of the reference document granted visa n° R.07-073 by the *Autorité des marchés financiers* on 21 May 2007, as well as the statutory auditors' reports related thereto;
- the comparative analysis between the 2007 consolidated financial statements and the 2006 consolidated financial statements included in chapter 9 of the reference document granted visa n° R.08-026 by the *Autorité des marchés financiers* on 17 April 2008.

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General comments

In this reference document:

- “Arkema S.A.” or “Company” mean the company named Arkema, whose shares are listed on Euronext™ Paris;
- “Group” or “ARKEMA” mean the group composed of Arkema S.A. and all the subsidiaries and shareholdings held directly or indirectly by Arkema S.A.

This reference document contains forward-looking statements about the Group’s targets and outlooks, in particular in chapters 12 and 13. Such statements may in certain cases be identified by the use of the future or conditional tense, or by forward-looking words including but not limited to “believes”, “targets”, “expects”, “intends”, “should”, “aims”, “estimates”, “considers”, “wishes”, “may”, etc. These statements are based on data, assumptions and estimates that the Group considers to be reasonable. They may change or be amended due to uncertainties linked to the economic, financial, competitive, regulatory and climatic environment. In addition, the Group’s business activities and its ability to meet its targets may be affected if certain of the risk factors described in chapter 6 of this reference document were to materialize. Furthermore, achievement of the targets implies the success of the strategy presented in section 4.3 of this reference document.

The Group does not undertake to meet and does not give any guarantee that it will meet the targets described in this reference document.

Forward-looking statements and targets described in this reference document may be affected by risks, either known or unknown,

uncertainties and other factors that may lead to the Group’s future results, performance and achievements differing significantly from the stated or implied targets. These factors may include changes in economic or trading conditions and regulations, as well as the factors set out in chapter 6 of this reference document.

Investors are urged to pay careful attention to the risk factors described in chapter 6 of this reference document. One or more of these risks could have an adverse effect on the Group’s activities, condition, financial results or targets. Furthermore, other risks not yet identified or considered as insignificant by the Group could have the same adverse effects.

This reference document also contains details of the markets in which the Group operates. This information is derived in particular from research produced by external organizations. Given the very rapid pace of change in the chemicals sector in France and the rest of the world, this information may prove to be erroneous or out of date. Accordingly, trends in the Group’s business activities may differ from those set out in this reference document.

For the 2008 financial year, the Company has prepared annual financial statements and consolidated financial statements for the period from 1 January to 31 December. These annual financial statements and consolidated financial statements are given in chapter 20 of this reference document.

Chapter 9 of this reference document provides a comparative analysis between the 2008 consolidated financial statements and the 2007 consolidated financial statements.

A glossary defining the technical terms used in this reference document can be found in chapter 27 of this reference document.



Persons responsible for the reference document and for financial information

1.1 Person responsible for the reference document

Thierry Le Hénaff, Chairman and Chief Executive Officer, Arkema S.A.

1.2 Declaration by the person responsible for the reference document

“Having taken all reasonable care to ensure that such is the case, I certify that the information contained in this reference document accurately reflects, to the best of my knowledge, the facts and contains no omission that would be likely to affect its meaning.

I certify, to the best of my knowledge, that (i) the accounts have been prepared in accordance with the relevant accounting standards and give a true representation of the assets, financial situation and result of the Company and all consolidated companies, and (ii) the management report, consisting of the sections of this reference document listed in the reconciliation table given in chapter 29, is a true reflection of the evolution of the business, the results and the financial situation of the Company and all consolidated companies as well as a description of the main risks and uncertainties facing them.

I have obtained a letter from the statutory auditors confirming that they have completed their work and indicating that they have verified the financial situation and the financial statements included in this reference document and that they have reviewed the document as a whole.

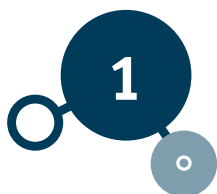
This reference document incorporates, for reference purposes, financial statements relating to the financial year ended 31 December 2007 as well as the audit reports for this year by the statutory auditors and financial statements relating to the financial year ended 31 December 2006 as well as the audit reports for this year by the

statutory auditors presented respectively in the reference document filed on 17 April 2008 with the *Autorité des marchés financiers* under n° R.08-026 and in the reference document filed on 21 May 2007 with the *Autorité des marchés financiers* under n° R.07-073. The audit report by KPMG Audit and Ernst & Young Audit on the consolidated financial statements for the year ended 31 December 2007 includes an observation on accounting changes made for the year. The audit report by KPMG Audit and Ernst & Young Audit on the consolidated financial statements for the year ended 31 December 2006 includes two observations which draw attention respectively to (i) the note to the financial statements which states that the comparative financial statements at 31 December 2005 are combined financial statements and (ii) the note to the financial statements which sets out the facts which led to the preparation of consolidated financial statements for the year ended 31 December 2006 over 12 months as from 1 January 2006 and not as from 18 May 2006, being the date of the legal and patrimonial constitution of the Group.

The consolidated financial statements for the financial year ended 31 December 2008 and the audit report from KPMG Audit and Ernst & Young Audit, statutory auditors, are included in chapter 20 of this reference document. This report does not include any qualification or observation.”

Thierry Le Hénaff

Chairman and Chief Executive Officer



PERSONS RESPONSIBLE FOR THE REFERENCE DOCUMENT AND FOR FINANCIAL INFORMATION

Person responsible for financial information

1.3 Person responsible for financial information

For any question concerning ARKEMA and its business activities:

Frédéric Gauvard

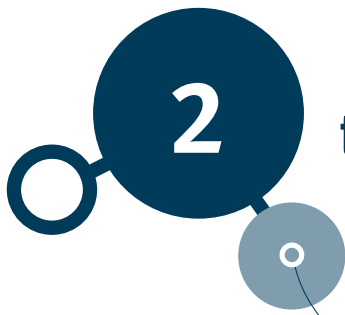
Vice-President Investor Relations

Arkema S.A.

420, rue d'Estienne-d'Orves

92700 Colombes (France)

Phone: +33(0)1 49 00 74 63



Persons responsible for auditing the financial statements of Arkema S.A.

Statutory auditors

KPMG Audit Department of KPMG S.A.

Represented by Bertrand Desbarrières
and Jean-Louis Caulier

1, cours Valmy
92923 Paris la Défense Cedex

Appointed at the annual general meeting of 20 May 2008.
Current term ends at the conclusion of the annual general
meeting to be held in order to approve the financial
statements for the year ending 31 December 2013.

Alternate auditor

Jean-Marc Decléty

1, cours Valmy
92923 Paris la Défense Cedex

Appointed at the annual general meeting of 20 May 2008.
Current term ends at the conclusion of the annual general
meeting to be held in order to approve the financial
statements for the year ending 31 December 2013.

Statutory auditors

Ernst & Young Audit

Represented by François Carrega
and Mrs Isabelle Triquera Lamazière

Tour Ernst & Young
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris La Défense Cedex

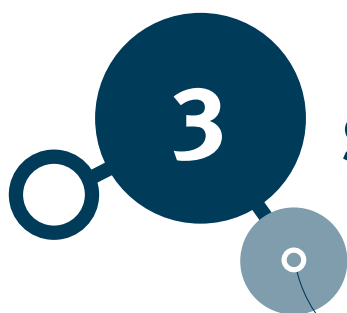
First appointed at the annual general meeting of 10 May 2006.
Current term ends at the conclusion of the annual general
meeting to be held in order to approve the financial
statements for the year ending 31 December 2011.

Alternate auditor

AUDITEX

Faubourg de l'Arche
11 allée de l'Arche
92037 Paris la Défense Cedex

First appointed at the annual general meeting of 10 May 2006.
Current term ends at the conclusion of the annual general
meeting to be held in order to approve the financial
statements for the year ending 31 December 2011.



Selected financial information

| <i>(In millions of euros except otherwise mentioned)</i> | 2006 | 2007 | 2008 |
|---|-------|-------|-------|
| Sales | 5,664 | 5,675 | 5,633 |
| EBITDA * | 411 | 518 | 498 |
| EBITDA margin (EBITDA as % of sales) | 7.3% | 9.1% | 8.8% |
| Depreciation and amortization | (211) | (225) | (248) |
| Recurring operating income * | 200 | 293 | 250 |
| Other income and expenses * | (92) | (72) | (53) |
| Operating income * | 108 | 221 | 197 |
| Net income, Group share | 45 | 122 | 100 |
| Dividend per share (in €) ** | - | 0.75 | 0.60 |
| Shareholders' equity | 1,906 | 1,932 | 2,018 |
| Net debt * | 324 | 459 | 495 |
| Capital employed * | 3,024 | 3,273 | 3,370 |
| Cash flow from operating activities *** | 68 | 319 | 331 |
| Cash flow from investing activities *** | (348) | (413) | (342) |
| Cash flow from financing activities *** | 395 | 10 | (12) |
| Working capital on sales (in %) * | 20.6% | 19.3% | 18.7% |
| Free cash flow (excluding non-recurring pre spin-off items and impact of acquisitions/divestments ⁽¹⁾ ***) | 79 | 128 | 68 |
| Capital expenditure (gross) *** | 336 | 325 | 335 |

* These indicators are defined in chapter 20 of this reference document.

** In 2008, amount of dividend proposed to the annual general meeting of 15 June 2009.

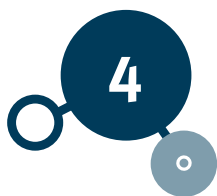
*** Gross capital expenditure figures and cash flow include, for 2006, the Cerexagri business sold on 1 February 2007.

(1) Data computed by the Company but which are not extracted from the audited financial statements, detailed in section 9.2.7 of this reference document.



4 Business overview

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BUSINESS OVERVIEW

General presentation of the Group

All the figures contained in this chapter are provided on a consolidated basis for 2006, 2007 and 2008 (see chapters 9 and 20 of this reference document).

4.1 Presentation of the Group's industry sector

The Group is an important player in the global chemical industry.

The industry sector to which the Group belongs, commonly called an "industry for industries", manufactures a wide range of products for other major industries: construction, packaging, chemicals, automotive, electronics, food manufacturing, pharmaceuticals, etc.

The chemical industry is a processing industry that is based on the transformation in one or several stages of raw materials (oil derivatives, gas, minerals, natural products, etc.) into more or less complex chemical products, or into plastics obtained by polymerization.

At the two extremes of this wide spectrum, there are, on the one hand, commodities (characterized by few transformation stages, large volumes, and cyclical prices and unit margins), such as olefins and polyolefins, ammonia, methanol and caustic soda, and, on the other hand, sophisticated products like pharmaceuticals and agrochemical derivatives. Between these two extremes are a large number of chemical intermediates, polymers and fine-chemical products.

The chemical industry also includes specialty products such as adhesives, paints, inks, varnishes, cosmetics and detergents, developed in response to the need for application products.

With estimated worldwide sales of almost €1,800 billion in 2007, the chemical sector is a worldwide industry located in three main geographic regions, namely Europe (about 33% of world production), North America (about 22% of world production) and Asia Pacific (about 39% of world production)⁽²⁾. Trade in chemicals between these three main production regions is growing, though is still limited at present.

The chemical industry is a very fragmented sector, both in terms of products (several tens of thousands), end markets (most industrial sectors are consumers) and industry players (the share of the world market of the top ten companies does not exceed 20%).

4.2 General presentation of the Group

The Group operates in this industrial context with a business portfolio focused on three segments: Vinyl Products, Industrial Chemicals, and Performance Products. With sales of €5.6 billion in 2008, the Group is one of the world's leading players in chemicals.

The Group, which is present in 40 countries, conducts its businesses on a global scale, using production sites in Europe, North America and Asia (80 production sites excluding those held for closure or sale), as well as geographic subsidiaries and sales offices in a large number of countries.

The Group ranks among the leading world or regional producers in its main product lines and conducts its business with respect for health, safety and environment. The Group's commitments towards sustainable development are detailed in the sustainable development report.

The Group has six research and development (R&D) centers, of which four are in France, one in the United States and one in Japan. Over 1,200 researchers work within the Group. The Group's R&D expenses amounted to over 2.5% of sales in 2008.

⁽²⁾ Source: CEFIC, November 2008, excluding pharmaceuticals.

At 31 December 2008, the Group had 14,983 employees.

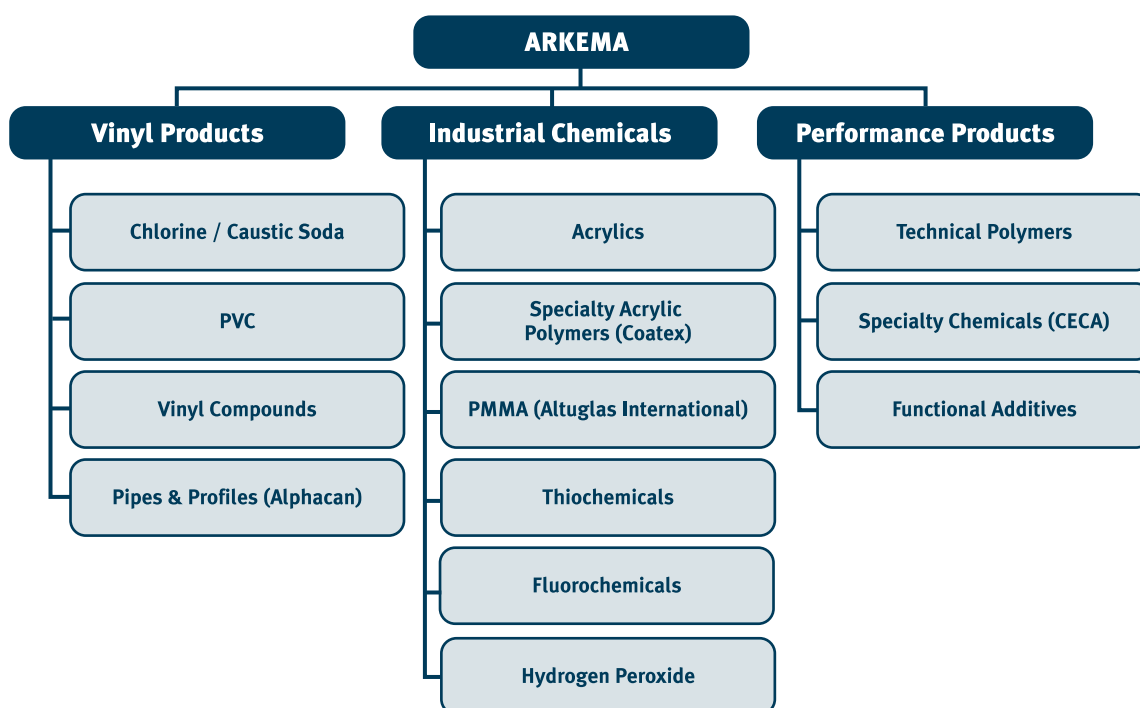
The Group is currently organized into three business segments (Vinyl Products, Industrial Chemicals, and Performance Products) that further break down into thirteen business units (BUs).

Business segments are organized according to the business clusters: the Vinyl Products segment groups together the businesses connected with chlorine chemistry, the Industrial Chemicals segment covers the major chemical intermediates, while the Performance

Products segment encompasses the businesses focusing on applications products.

The BUs are responsible for their results, cash flow (working capital, capital expenditures...), production management, research, sales, marketing and customer relations. Each BU managing director reports to the vice president of a business segment.

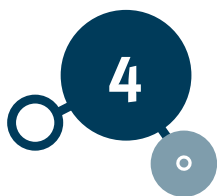
The simplified organization chart below shows the BUs operating within each business segment at the date of this reference document.



The BUs rely on functional divisions that provide them with continuous support, mainly in the fields of accounting, taxation, legal services, information systems, human resources and communication.

These functional divisions are generally responsible, under the authority of the Executive Committee (see section 14.2 of this reference document), for the coherence and control of the Group

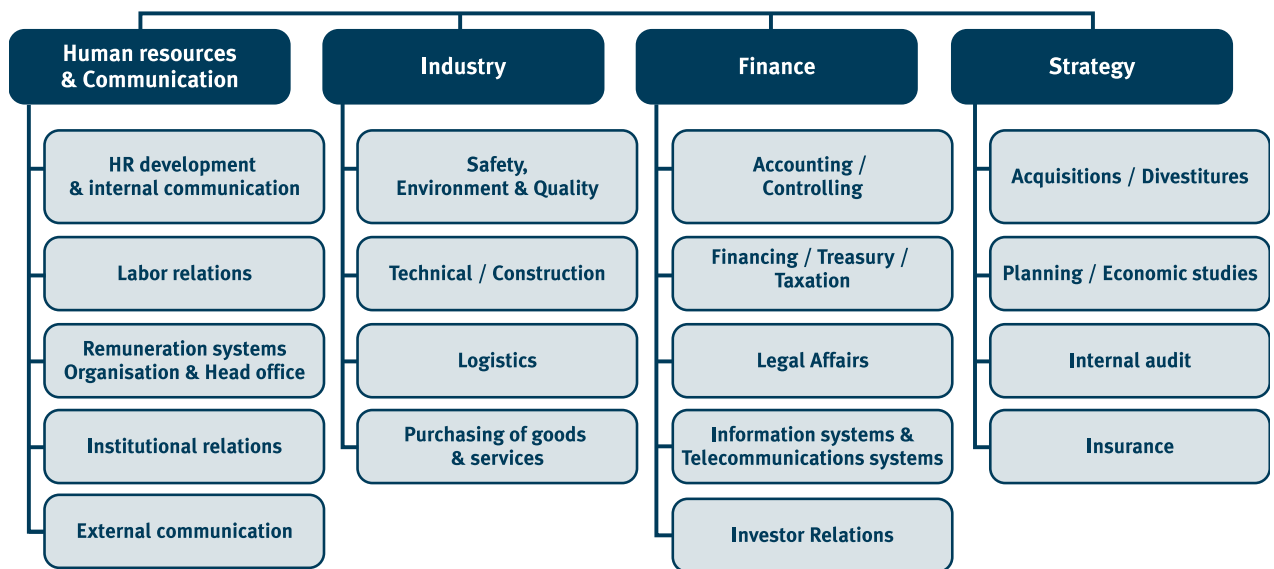
and, in particular, the coordination of purchasing and logistics, as well as the maintenance of expertise in important areas such as safety, environment, R&D and process engineering. Some of these functional divisions, notably the “investor relations”, “consolidation/reporting”, “internal audit” and “external communication” functions, operate for the entire Group.



BUSINESS OVERVIEW

General presentation of the Group

The simplified organization chart below describes the Group's functional divisions at the date of this reference document.



Exceptions to the general organizational principles of the functional divisions are the “raw material purchasing” division and the “energy purchasing” division that report to the head of the Industrial

Chemicals segment, as well as the R&D division that reports to the Chairman and Chief Executive Officer.

SALES BY BUSINESS SEGMENT

| (In billions of euros) | 2006 | | 2007 | | 2008 | |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Vinyl Products | 1.38 | 24% | 1.42 | 25% | 1.45 | 26% |
| Industrial Chemicals | 2.49 | 44% | 2.53 | 45% | 2.58 | 46% |
| Performance Products | 1.79 | 32% | 1.72 | 30% | 1.60 | 28% |
| TOTAL | 5.66 | 100% | 5.67 | 100% | 5.63 | 100% |

SUMMARY OF THE GROUP'S MAIN PRODUCTS AND THEIR AREAS OF APPLICATION

Vinyl Products

| | |
|-------------------------------|---|
| Chlorine/Caustic soda | Chemicals, aluminum, pulp and paper, detergents and soaps, solvents, and raw materials for fluorinated products |
| PVC | Construction, pipes, profiles, packaging, cabling, automotive |
| Vinyl Compounds | Cabling, bottles, automotive, medical |
| Pipes and Profiles (Alphacan) | Pipes and profiles |

Industrial Chemicals

| | |
|-------------------------------------|--|
| Acrylics | Resins, emulsions for adhesives, paints and coatings, superabsorbents |
| Specialty Acrylic Polymers (Coatex) | Specialty polymers used as rheological modifiers |
| PMMA (Altuglas International) | Acrylic glass used in construction, the automotive industry, for advertising boards, in decoration and the manufacture of sanitaryware |
| Thiochemicals | Chemical intermediates for animal feed, agrochemicals and pharmaceuticals, natural gas odorizers, petrochemicals, polymerization agents |
| Fluorochemicals | Refrigeration, air-conditioning, foams, solvents, intermediates, polymers |
| Hydrogen Peroxide | Hydrogen peroxide (pulp and paper bleaching, textile bleaching, electronics and water treatment), sodium chlorate, hydrazine hydrate and derivatives |

Performance Products

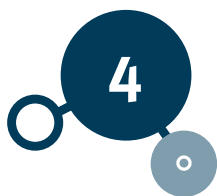
| | |
|----------------------------|---|
| Technical Polymers | Technical polymers, including (i) polyamides used in the automotive industry, the aerospace and aeronautics industry, the electronics industry, and in the manufacture of hotmelts, (ii) fluorinated polymers (PVDF) used in construction, chemical engineering, the manufacture of paints and anti-corrosive coatings, and photovoltaic panels, (iii) functional polyolefins used in adhesives, the electrical and electronics industries, and packaging |
| Specialty Chemicals (CECA) | Separation of gases and liquids, adsorption/filtration, specialty surfactants |
| Functional Additives | Stabilizers and impact modifiers used in polymer converting, polymerization catalysts for polyethylene, PVC, polystyrene, cross-linking agents, tin-based intermediates |

INFORMATION BY GEOGRAPHIC REGION *

| Sales (In billions of euros) | 2006 | | 2007 | | 2008 | |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Sales | % | Sales | % | Sales | % |
| Europe | 3.26 | 58% | 3.37 | 60% | 3.28 | 58% |
| North America ** | 1.41 | 25% | 1.26 | 22% | 1.24 | 22% |
| Asia | 0.72 | 13% | 0.75 | 13% | 0.79 | 14% |
| Rest of the World | 0.27 | 4% | 0.29 | 5% | 0.32 | 6% |
| TOTAL | 5.66 | 100% | 5.67 | 100% | 5.63 | 100% |

* Based on the geographic location of customers.

** USA, Canada, Mexico.



BUSINESS OVERVIEW

Strategy and competitive advantages

| Capital employed (In billions of euros) | 2006 | | 2007 | | 2008 | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| | Value | % | Value | % | Value | % |
| Europe | 2.01 | 66% | 2.33 | 71% | 2.33 | 69% |
| North America * | 0.82 | 27% | 0.72 | 22% | 0.77 | 23% |
| Asia | 0.16 | 6% | 0.18 | 6% | 0.23 | 7% |
| Rest of the World | 0.04 | 1% | 0.03 | 1% | 0.04 | 1% |
| TOTAL | 3.03 | 100% | 3.27 | 100% | 3.37 | 100% |

* USA, Canada, Mexico.

The breakdown of employees by geographic region over the last three years is given in section 17.1.1 of this reference document.

4.3 Strategy and competitive advantages

4.3.1 COMPETITIVE ADVANTAGES

In 2008, ARKEMA operated in a tough environment characterized in particular by the sharp decline in demand in many market segments in the 4th quarter 2008, amplified by massive de-stocking by customers. This unprecedented collapse in demand weighed on volumes. Since the beginning of 2009 and up to the date of this reference document, market conditions have not showed any signs of improvement and visibility has remained low.

Furthermore, the business environment in which the Group operates is characterized, at the date of this reference document, by (i) a drop in the cost of energy and some raw materials following the record levels reached in 2008, (ii) a surge in the volatility of markets, (iii) the rise of the Chinese economy despite slower growth than anticipated, (iv) increasing regulations notably in Europe (for instance REACH regulations), and (v) continuing efforts by the Group's main competitors to improve productivity.

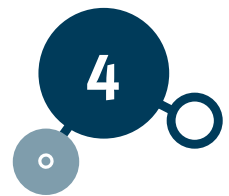
In 2008 and beginning of 2009, the world chemical industry saw several consolidations within the sector (acquisitions of Lucite by Mitsubishi Rayon Corp., of Ciba by BASF, of Rohm & Haas by Dow...) to which the Group pays close attention.

In such an environment, the Group has solid advantages in particular to cope with the current downturn in the global economy:

- first-class commercial and manufacturing positions: the Group is one of the world's leading players in most of its businesses. This is particularly true of Acrylics, PMMA, Fluorochemicals (gas and polymers), Hydrogen Peroxide, Thiochemicals, specialty polyamides (polyamides 11 & 12), hydrazine hydrate, tin-based

PVC stabilizers, impact modifiers and PVC processing aids, tin additives for glass coatings, and organic peroxides. In the chlorochemicals and PVC sectors, the Group is one of the leading European players;

- high quality manufacturing assets and sound expertise in manufacturing processes: the Group relies on its strong manufacturing positions in Europe, North America and Asia to respond to demand from its customers as effectively as possible. Its technical knowledge of products and manufacturing processes enables the Group to leverage its current production facilities, and gives it a key advantage in the conquest of new markets. In addition, this expertise enables it to complete investment projects on time, on budget, and with great efficiency. The Group also has important R&D skills on which it can rely to launch new innovative products on the market, provide its customers with the technical support they need, or further improve the performance of its manufacturing processes;
- a solid balance sheet: at 31 December 2008, the Group's net debt was €495 million (representing one time the EBITDA of the year), compared to the shareholders' equity (Group share) of €1,996 million (representing a net debt to equity ratio of 25%);
- high quality teams who have proved their ability to manage complex industrial projects and successfully carry out restructurings needed by the lack of competitiveness that affected some product lines. The Group can count on personnel whose loyalty, professionalism and experience are widely recognized.



4.3.2 STRATEGY

The improvement in the Group's results since its operational launch in October 2004 confirms the soundness of its strategy, based on the following three key areas:

- ▶ restore its competitiveness;
- ▶ prepare the future by developing growth relays in its best product lines. In particular, the Group is committed to:
 - ▶ speeding up its rate of development in Asia especially in China. In 2007 the Group announced that it would increase its investments in the region to over €50 million per year on average over the next three years, while also significantly increasing its sales in the region, aiming for a 20% share of its overall sales by 2012;
 - ▶ increasing to 20% by 2010 the share of sales of new products developed over the last five years for the Performance Products business segment and multiplying by 10 the sales of very high performance polymers to reach €250 million in a five-year time;
- ▶ refocus its portfolio of activities.

As part of improving its competitiveness, ARKEMA announced in 2007 an objective to reduce its fixed costs by €500 million, thereby improving its EBITDA by €200 million in 2010 compared to 2005. On 15 December 2008 the Group announced a programme to further reduce its costs by €50 million by 2010 representing an EBITDA gain of €30 million.

In the future the Group intends to pursue its efforts to improve productivity where needed in order to maintain and boost its competitiveness.

Furthermore, in order to prepare the future and develop its growth relays, ARKEMA has announced several targeted growth projects, the purpose of which is to ensure the selective growth of its best facilities in Europe and North America, as well as the expansion of its presence in Asia and an increase in sales of new products.

As for the management of its business portfolio, the Group intends to continue to refocus its portfolio of businesses. The Group also intends to maintain a solid financial structure.

The Group announced in 2006 that asset divestitures could reach €300 million to €400 million (in terms of annual sales) over a three-year period, and that it planned to make targeted acquisitions of businesses representing a total amount in terms of annual sales of between €500 million and €800 million (i) to compensate for the reduction in sales resulting from such disposals, (ii) to boost the coherence and integration of its portfolio, and (iii) to reduce its cyclicality. Thus, at the date of this reference document, ARKEMA has already conducted divestments representing a total amount in terms of annual sales of approximately €450 million as well as acquisitions for a total amount in terms of annual sales of approximately €230 million.

These broad strategic guidelines are detailed below by business segment.

4.4 Overview of the Group's business segments

4.4.1 VINYL PRODUCTS SEGMENT

Key figures

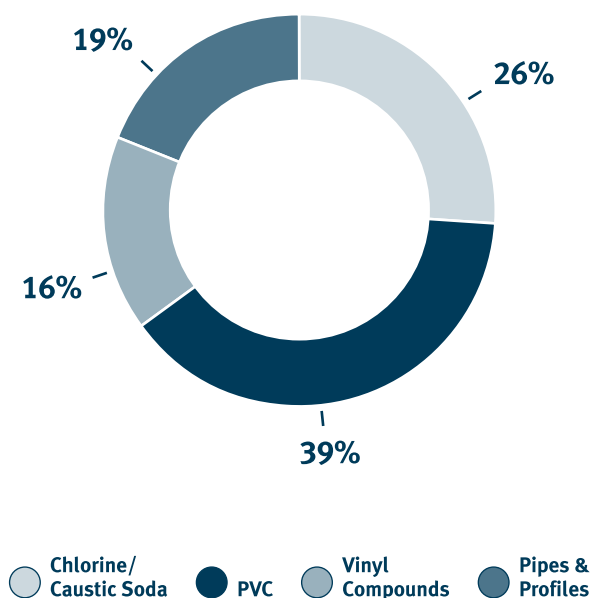
| <i>(In millions of euros)</i> | 2006 | 2007 | 2008 |
|-----------------------------------|-------|-------|-------|
| Sales | 1,379 | 1,418 | 1,443 |
| EBITDA | 38 | 90 | 14 |
| Recurring operating income | 21 | 65 | (25) |
| Capital expenditure (gross value) | 76 | 111 | 98 |



BUSINESS OVERVIEW

Overview of the Group's business segments

Breakdown of the segment's sales by BU (2008) ⁽³⁾



General description of the segment's business

The Vinyl Products segment is made up of different businesses that are all part of an integrated chemical product chain, from the electrolysis of salt to PVC converting.

It covers in particular the manufacture of chlorine and caustic soda, VCM (vinyl chloride monomer), chloromethanes, chlorinated derivatives and PVC, Vinyl Compounds, and the Pipes and Profiles business (Alphacan).

The Vinyl Products segment comprises four BUs: Chlorine/Caustic Soda, PVC, Vinyl Compounds, Pipes and Profiles (Alphacan).

This sector is faced with volatile market conditions and intense competition.

The chlorochemicals sector also faces a number of specific constraints:

- energy costs, as chlorine and caustic soda are produced by electrolysis that requires approximately 3 MWh of electricity per tonne produced;
- the cost of ethylene as around one tonne of ethylene is required for every two tonnes of PVC produced;
- the balance between chlorine and caustic soda that are necessarily produced in equal quantities, but for which demand varies independently;
- a mature market in Western Europe.

⁽³⁾ In 2007, the breakdown of the segment's sales by BU was as follows: 22% Chlorine/Caustic Soda, 41% PVC, 17% Vinyl Compounds, and 20% Pipes and Profiles.

In 2005 the Group launched a consolidation plan for its Chlorochemicals and PVC activities. Completed in 2008, the plan included the closure of poorly performing production facilities and the debottlenecking of some plants. It entailed a 523 job reduction and capital expenditure of nearly €100 million.

Subsequently, the Group continued to improve its competitiveness, and announced in November 2008 a restructuring project entailing the closure of the aluminium chloride production unit in Jarrie (France) and the copolymer production unit in Saint-Auban (France), both activities being structurally loss-making. Several additional restructuring projects were also announced in Vinyl Compounds as well as Pipes and Profiles. Thus, all the restructuring plans announced since the beginning of 2008 would result in the loss of over 350 positions.

Chlorine/Caustic Soda BU (7% of total Group sales in 2008)

The Chlorine/Caustic Soda BU covers chlorine-caustic soda electrolysis (membrane, diaphragm and mercury processes) and production of downstream products (VCM, chloromethanes and chlorinated derivatives).

The majority of the chlorine and VCM produced is used internally within the Group, and sales to outside customers represent relatively low volumes.

The chloromethanes and chlorinated solvents are largely used as raw materials by the Fluorochemicals BU, the remainder being sold to outside customers.

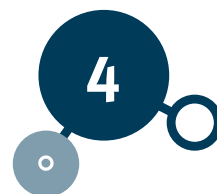
Lastly, virtually all the caustic soda produced is sold on the market.

For chlorine, the Group's main competitors are Dow Chemicals, Solvay, Akzo, Bayer and Ineos. The markets in which the Chlorine/Caustic Soda BU operates are mature.

The BU's production units are located in Europe.

The main raw materials and energy sources used by the Chlorine/Caustic Soda BU are:

- ethylene: the bulk of ethylene supplies is covered by a long-term contract with Total Petrochemicals France. Details of this contract are given in section 22.1.2 of this reference document. Ethylene is an essential raw material for this BU and security of supply is a critical factor for the Group;
- salt: the sites at Fos-sur-Mer and Lavera (France) are supplied with brine by a pipeline connecting them to the brine wells operated by the Group at Vauvert (France). In other cases, salt is bought in from outside suppliers;
- electricity: electricity supply to the chlorine-producing sites in France (Lavera, Fos-sur-Mer, Jarrie and Saint-Auban) is under contract through to 2010 (a description of the contracts with EDF is given in section 22.1.1 of this reference document). In view of the scale of electricity consumption for the chlorine-caustic soda electrolysis processes, the economic conditions relating to access to this energy resource are critical.



In 2008, the Group continued to improve its competitiveness with the announcement of the proposed closure of the aluminium chloride production unit in Jarrie (France).

Furthermore, through its stake in a jointly owned chlorochemical company in Qatar (QVC), the Group will review development opportunities that may arise in the Middle East.

PVC BU (10% of total Group sales in 2008)

The PVC BU covers production of general purpose and specialty PVC.

A proportion of PVC volumes is used internally by Alphacan and the Vinyl Compounds BU, with remaining volumes sold on the market.

The markets supplied by the PVC BU in Europe are mature markets.

In 2008, the Group continued to improve its competitiveness with the announcement of the proposed closure of the copolymer production unit in Saint-Auban (France).

Based on the Group's production capacities, all of which are located in Europe, the Group ranks number three for PVC production in Europe ⁽⁴⁾, where its main competitors are Ineos, Solvin, Tessenderlo, Vinnolit and Shin Etsu.

Vinyl Compounds BU (4% of total Group sales in 2008)

The Vinyl Compounds BU manufactures and markets a wide range of products ready for use that are obtained by mixing PVC and additives (notably plasticizers, stabilizers and colorants).

This BU uses a large number of raw materials, some of which partly come from the Group's manufacturing units (PVC, plasticizers, stabilizers, and modifiers).

The Group considers that it is one of the leading players in the European compounds market, which represents approximately 25% of PVC volumes. Its main competitors are Ineos, Solvay and LVM. These three companies, together with ARKEMA, account for some 65% of European production capacity ⁽⁵⁾ (estimated capacity of 1.6 million tonnes).

This BU's main production sites are located in Europe (France, Germany, Belgium, Spain and Italy). It also has one production site in Vietnam, and has had a production plant in China since 2007.

In order to maintain competitiveness in this sector, the Group has sought to concentrate on its best performing sites. Since 2004 the Group has indeed taken major steps to improve the competitiveness of its Vinyl Compounds activity. These steps included the restructuring of the Vinyl Compounds activities at the Saint-Fons site (France) in 2005, the rationalisation in 2007 and 2008 of Resilia's Novellara and Samarate sites (Italy), the closure of Dorlyl (France) in 2008, and the announcement in early 2009 of the divestment of its business at the Vanzaghello industrial site (Italy) to Industrie Generali Spa representing annual sales of approximately €22 million.

The Vinyl Compounds BU is now seeking to move into higher value-added application fields (specialty PVCs and in particular PVC slush for automotive applications such as dashboards), and more profitable markets.

Thus the Group inaugurated in October 2007 a new specialty compounds production line for the automotive market at Changshu (China). The capacity of this first production line, which came on stream in July 2007, was doubled in the first half of 2008.

Pipes and Profiles BU (Alphacan) (5% of total Group sales in 2008)

The Pipes and Profiles BU consists of the Alphacan group of subsidiaries.

Alphacan carries out its businesses downstream from the production of PVC. It manufactures two main types of products, pipes and profiles, which are principally obtained by the extrusion of PVC compounds, which Alphacan manufactures itself.

The main raw materials used by Alphacan are PVC and various additives such as mineral fillers, stabilizers and colorants. Alphacan obtains most of its PVC supply from the Group's production units, but also buys in some PVC from other producers.

Alphacan has production sites in five European countries. Alphacan's main end-markets are construction and public works, where its products are used for drinking water conveyance, waste water drainage, sewage, irrigation, windows, etc. The growth of these markets is therefore closely linked to that of these economic sectors.

Alphacan operates in two markets with different trends: pipes and profiles.

Pipes, which are marketed in France, Germany, Benelux countries and Spain, represent a mature market and a highly competitive industry with very high levels of standardization. Alphacan estimates it ranks sixth in the European market for PVC pipes. Its main competitors are Wavin, Pipelife, Uponor, Tessenderlo and Uralita.

In pipes, Alphacan's strategy is based on maintaining its positions and improving its competitiveness.

In profiles, Alphacan sells its products mainly in Southern Europe. These markets have attractive growth prospects thanks to the potential for PVC profiles to replace other materials. The main players in this market are Profine, Deceuninck, Veka, Rehau and Aluplast.

In this sector, Alphacan continues to expand, with a particular focus on higher value-added products.

Since 2007, Alphacan has announced a number of restructuring plans concerning the following sites:

- Chantonnay (France), which belongs to the subsidiary Soveplast (reorganisation announced in January 2007);

(4) Source: Parpinelli Tecnon ATEC 2008.

(5) Source: ARKEMA internal estimate.

4

BUSINESS OVERVIEW

Overview of the Group's business segments

- Gaillac and Alphacan head office in La Celle Saint-Cloud (France) (reorganisations announced in June 2008);
- Hasparren (France) (reorganisation announced in December 2008);
- Miranda (Spain) and Ehringshausen (Germany).

These restructuring operations, aimed at restoring the competitiveness of the BU, entail (i) the cessation of production of low-margin products, (ii) the development of high value-added

activities through growth investments and the implementation of a more targeted marketing policy, and (iii) the optimisation of support functions. These restructuring operations announced in 2008 should result in a reduction of 181 positions.

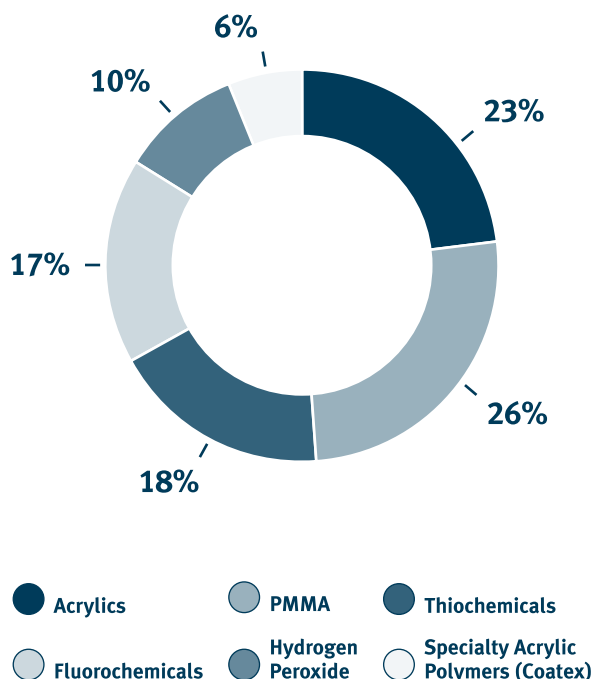
Finally, in January 2009 Alphacan sold its Sanitary Heating Pipes business (Nevers site - France) to the French company COMAP, a subsidiary of the Dutch group Aalberts Industrie NV. Sales in 2008 for this business were of the order of €25 million.

4.4.2 INDUSTRIAL CHEMICALS SEGMENT

Key figures

| (In millions of euros) | 2006 | 2007 | 2008 |
|-----------------------------------|-------|-------|-------|
| Sales | 2,494 | 2,529 | 2,582 |
| EBITDA | 267 | 289 | 341 |
| Recurring operating income | 160 | 178 | 218 |
| Capital expenditure (gross value) | 172 | 124 | 146 |

Breakdown of the segment's sales by BU (2008) ⁽⁶⁾



General description of the segment's business

The Industrial Chemicals segment comprises six BUs: Acrylics, Specialty Acrylic Polymers (Coatex), PMMA (Altuglas International), Thiochemicals, Fluorochemicals, and Hydrogen Peroxide.

These businesses have a number of common characteristics, among which are the use of complex manufacturing processes and the existence of world markets that offer the prospects of strong growth, particularly in the Asian region.

In the various product chains of the Industrial Chemicals segment, the Group ranks among the world's leading companies and has production units in Europe and North America for most of its main products (acrylic acid, methyl methacrylate (MMA), PMMA, fluorochemicals, hydrogen peroxide and sulfur derivatives, etc.). The Group is also present in Asia and already has its own industrial base there for the production of fluorochemicals, hydrogen peroxide and PMMA.

This segment benefits from a certain degree of integration with the Group's other businesses. For example, chlorinated solvents and chloromethanes are used as raw materials for fluorochemicals (some of which are used in the manufacture of technical polymers), hydrogen peroxide is partly used in the production of organic peroxides, and certain acrylic and thiochemical derivatives are used in the manufacture of plastic additives.

The Industrial Chemicals segment plans to continue to expand its business, and to strengthen its global positions by building on new facilities in Asia, carrying out targeted debottlenecks in Europe

(6) In 2007, the breakdown of the segment's sales by BU excluding the Specialty Acrylic Polymers BU (Coatex) was as follows: 26% Acrylics, 29% PMMA, 19% Thiochemicals, 16% Fluorochemicals, and 10% Hydrogen Peroxide.

and North America, creating cooperation projects with its major partners, and boosting its downstream integration.

Acrylics BU (11% of total Group sales in 2008)

The Acrylics BU's main products are acrylic acid and its derivatives, oxo-alcohols, phthalic anhydride and dioctylphthalate.

The main downstream markets for the Acrylics BU are coatings (paints, UV curing, etc.), superabsorbents, plastic additives, water treatment, paper and adhesives.

The Group is ranked number five worldwide for acrylic acid ⁽⁷⁾. Its main competitors for this product are BASF, Dow Chemicals, Nippon Shokubai, and Rohm & Haas. The world growth in this market over the coming years is estimated at approximately 4% per year on average ⁽⁸⁾. Following a tense period culminating in 2005, the start-up of new production plants in Asia has led to pressure on acrylics margins.

The main raw materials used by the Acrylics BU are propylene and orthoxylene, the supply of which is covered by medium- and long-term contracts. The Group's main supplier in France is Total Petrochemicals France, under terms set out in section 22.1.2 of this reference document. Propylene is an essential raw material for the Acrylics BU. Its security of supply is a critical factor for the Group.

The Acrylics BU plans to build on its strong marketing positions and technical expertise to strengthen and expand its businesses globally, in particular in Asia, where growth is strongest. However, taking into account currently deteriorated market conditions, the Group indicated that its investment project in Asia would be postponed.

In 2007 the Acrylics BU initiated a performance plan at its Carling-Saint-Avold (France) site to improve its competitiveness by reducing its structural costs (reduction in maintenance costs and rationalization of procurement of goods and services) and reorganizing the production of acrylic and methacrylic derivatives and specialty products. This program has resulted in a reduction of 58 positions.

On this site, ARKEMA also sold on 1 April 2008 to Sumitomo Seika its business in superabsorbent polymers, which provides the Carling site, still operated by ARKEMA, with a genuine opportunity to develop this activity in which Sumitomo Seika ranks among the world's leading companies. This divestment also includes a long-term contract for the supply of acrylic acid produced on the Carling site which contributed to the consolidation of ARKEMA's acrylics business by bolstering a direct downstream activity.

ARKEMA also announced in September 2008 the creation of a new 50,000 tonne 2-ethyl hexyl acrylate production unit on the Carling-Saint-Avold site (France) operating a new innovative process developed by ARKEMA's R&D and Process departments. Due to come

on stream in the autumn of 2009, the new unit will help accommodate the growth in the 2-ethyl hexyl acrylate world market, one of the main applications being the manufacture of pressure sensitive adhesives.

Finally, the acquisition of the company Coatex (Specialty Acrylic Polymers BU) in October 2007 has helped strengthen the downstream integration of the acrylics chain in accordance with the Group's acquisition strategy.

Specialty Acrylic Polymers BU (Coatex) (3% of total Group sales in 2008)

The Specialty Acrylic Polymers BU manufactures specialty polymers, mainly acrylic based, used as dispersants and thickeners. The main end-markets for these high-growth specialty chemical activities include paper, paint, water treatment, cosmetics, textile and concrete. In the latter sector, ARKEMA carried out in June 2008, through its subsidiary Coatex, the acquisition of LyondellBasell's Ethacryl business. With annual sales of the order of €4 million, this activity will help Coatex consolidate its know-how in the concrete and plaster additives markets, and speed up its growth in this area. With its headquarters and largest site in Genay (France), near Lyon, Coatex also operates industrial and storage facilities in Europe, the United States and Asia.

Coatex's business offers strong synergies with ARKEMA's in raw material, process and R&D terms, and represents the natural downstream activities of ARKEMA's acrylic monomer production sites in Bayport (United States) and Carling (France).

Additionally, ARKEMA and Omya, Coatex's main customer, have developed strategic cooperation, in particular in technical and commercial fields.

PMMA BU (Altuglas International) (12% of total Group sales in 2008)

The PMMA BU operates globally. Its main brand names, Plexiglas[®] in America only and Altuglas[®] in the rest of the world, enjoy a strong reputation.

This BU is an integrated production chain, from methyl methacrylate to the production of PMMA. It operates on three continents with plants in the United States, Mexico, Europe and South Korea.

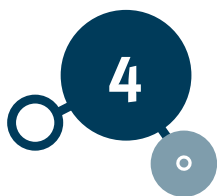
The main products include various grades of PMMA resin as well as cast and extruded sheet. Altuglas International sells its products into a wide range of markets, of which the most important are construction, automotive, sanitary ware, commercial display signs, electronics and household goods.

The Group is the leading producer of PMMA in the world ⁽⁹⁾. Its main competitors are Evonik, Mitsubishi Rayon Corp. and Sumitomo.

(7) Source : SRI-CEH Acrylic Acid & esters, July 2007.

(8) Source: ARKEMA internal estimate.

(9) Source: Parpinelli Tecnon ATEC 2008.



BUSINESS OVERVIEW

Overview of the Group's business segments

Accordingly, in order to boost its leading position in PMMA sheet in Europe, ARKEMA finalized on 29 February 2008 the acquisition of the PMMA sheet and block production activity from the Repsol YPF group.

In May 2008 ARKEMA announced its intention to increase its compounding capacity at its Bristol plant (United States / Pennsylvania).

Finally, in 2008 the PMMA BU announced productivity measures at its Rho and Pomezia sites in Italy, which should result in a reduction of 48 positions.

Thiochemicals BU (8% of total Group sales in 2008)

The Thiochemicals BU comprises mainly sulfur-chemistry activities. The BU's other product lines are amines, oxygenated solvents and rubber additives, the latter being produced by the French subsidiary MLPC International.

The main markets are animal feed, polymers, pharmaceuticals, cosmetics, natural gas odorizers, solvents and petrochemicals.

Today, the Group is the world number one in this sector⁽¹⁰⁾. Its main competitor is Chevron Phillips Chemical. The Group also faces competition from certain local players on some products, and from upstream producers of integrated methionine (Evonik, Adisseo, etc.).

The Thiochemicals BU has production facilities in Europe and the United States.

In accordance with the Group's strategy, the Thiochemicals BU intends to further consolidate its world rankings in its main product lines. Accordingly, the Thiochemicals BU has implemented a number of development projects, while initiating a programme to refocus its portfolio. It has also carried out significant industrial restructuring to adapt to its changing markets, and in particular to competition from Asia.

In this regard, the Thiochemicals BU has reinforced its position in the United States by starting, in May 2005, the Sulfox project at Beaumont in partnership with its customer, Novus. This plant produces MMP 3-methyl thio propionaldehyde, a methionine precursor. Since start-up, production levels and yields have steadily risen. The contract with Novus is described in section 22.1.3 of this reference document.

As part of its portfolio management, the Thiochemicals BU completed on 1 May 2007 the disposal to the company Taminco of its specialty amines activity operated at the Riverview site (United States), which was deemed non strategic. This activity reported sales close to US\$72 million in 2006.

In 2007, the Thiochemicals BU also launched an action plan to improve competitiveness at its Lacq-Mourenx production platform in France, through research into new high value-added applications, streamlining structures, and reducing fixed costs, resulting in a

reduction of 48 positions. Additionally, production capacity for dimethyl disulfide (DMDS) on this site has been increased by 30% in order to supply expanding refining and petrochemicals world markets. Furthermore, the Thiochemicals BU has also relocated some operational teams to the La Chambre and Lacq-Mourenx production sites (France).

The Thiochemicals BU needs to address in France over the long term the consequences of the depletion of the Lacq natural gas field, anticipated for 2013, that currently provides sulfur to its Lacq facility. These consequences are described in section 6.2 of this reference document.

In July 2008, ARKEMA acquired the American company Odor-Tech which specialises in gas odorisers. With annual sales of approximately US\$8 million in 2007, this activity will help ARKEMA consolidate its ranking in the North-American market.

Finally, ARKEMA announced on 11 March 2009 that it presented to the Central Work Council a plan for the closure of the production of methyl ethyl ketone at the La Chambre (France) industrial site by end 2009 and the sale of marketing and sales assets to Sasol Solvents Germany GmbH.

Fluorochemicals BU (8% of total Group sales in 2008)

The Fluorochemicals BU manufactures and markets a range of HCFCs (hydrochlorofluorocarbons) and HFCs (hydrofluorocarbons) under the brand name Forane®.

These products are mainly used in two markets: refrigeration (notably in construction, automotive and retailing) and foams (blowing agents for polyurethane foam, for example). Some are used as raw materials for fluorinated polymers (notably, PTFE polytetrafluoroethylene and PVDF polyvinylidene fluoride).

In Fluorochemicals, the Group ranks second in the world⁽¹¹⁾. Its main competitors are Dupont, Ineos, Solvay and Honeywell.

For the Group, Fluorochemicals are a worldwide business with production sites in Europe (France and Spain), the United States, and China.

Changes in regulations concerning HCFCs in developed countries will lead to a reduction in their use in emissive applications (the expansion of foam, for example), as well as their replacement in the refrigeration market by blends containing HFC.

To take these regulations into account, the Fluorochemicals BU develops new HFC blends (32, 125, 134a, 143a, etc.) and new substitute products for foam. Together with HFC-32, HFC-125 is an essential component of new generation refrigerant blends, which include the R-410A blend poised to replace HCFC-22 in air conditioning.

In 2007 the Fluorochemicals BU has carried out a significant investment, of the order of US\$45 million, to convert one of its two HFC-140 production lines at Calvert City, United States, to HFC-32

(10) Source: ARKEMA internal estimate.

(11) Source: SRI CEH Fluorocarbons, June 2008.

production. This production line is helping the BU meet the fast-growing demand in this area.

Moreover, ARKEMA announced in July 2008 its intention to invest in Europe into the production of a new low-global-warming-potential fluorinated gas designed to gradually replace from 2011 the HFC 134a gas currently used in automotive air-conditioning circuits, anticipating a tightening-up of environmental standards, in particular the adoption of European Directive 2006/40/CE.

The Fluorochemicals BU is also seeking to take advantage of the growth potential in emerging economies, particularly those in Asia. Accordingly, after increasing by 50% its Forane® 22 production capacity at its Changshu site in China in late 2006, the Group announced in September 2007 the creation of two joint ventures in partnership with the Daikin group to produce and market new generation refrigerant fluids in the Asia Pacific region, and so create the fluorinated gas leader in the region. These are:

- Arkema Daikin Fluorochemicals Co. Ltd, a 60% ARKEMA/40% Daikin joint venture set up for the production and marketing of HFC-125. Production, at a world-scale capacity, the first of its size in Asia, will be located on ARKEMA's Changshu site (China), for start-up in 2010;
- Daikin Arkema Refrigerants Asia Ltd., a 60% Daikin/40% ARKEMA joint venture for the production and marketing in Asia Pacific of new generation HFC refrigerant fluid blends from 2008.

Finally, the Group launched in 2007 a project for the future of the Pierre-Bénite plant (France) designed to turn it into the main development hub for ARKEMA's fluorochemicals activities in Europe by restoring its competitiveness over the long term. With a reduction of 196 positions, the plan has helped consolidate the best performing activities, while closing down some production plants.

As part of this plan, the sale to the Kemira group of the flocculant activity (water treatment products), which reported sales of some €20 million in 2006, was completed in the last quarter of 2007.

In 2008 peripheral activities within the Fluorochemicals BU (sulfuric acid and sodium chlorite) and the Functional Additives BU (epoxy soya oil) were also closed down.

On 15 April 2008 the Group announced a project to reduce greenhouse gas emissions from its Forane® 22 production plant at its Changshu industrial site in China, which entails incinerating the HFC 23 byproduct from HCFC 22 manufacture.

The project was registered in 2008 with the Executive Board of the Clean Development Mechanism, a body of the United Nations Framework Convention on Climate Change (UNFCCC). The incinerator became operational mid-2008.

The annual reduction in emissions has been estimated at some 6 million tonnes CO₂ equivalent, including a quota of 3.4 million tonnes which will be eligible for certified emission reductions (CER) allocated by UNFCCC, subject to certification by an independent body.

The project is part of the Group's ongoing effort in the field of sustainable development, and will result in a reduction of over 60% in its greenhouse gas (GHG) emissions. With the incinerator in service, the Group's global GHG emissions will have been divided by six since 1990, the baseline year of the Kyoto Protocol.

Finally, the Group announced on 19 February 2009 a long-term agreement with the company Dyneon for the supply of HCFC 22 in Europe. HCFC 22 is the raw material of PTFE (PolyTetraFluoroEthylene) and various fluoroelastomers.

Hydrogen Peroxide BU (4% of Group sales in 2008)

The Hydrogen Peroxide BU has three product lines: hydrogen peroxide, sodium chlorate and sodium perchlorate, hydrazine hydrate and its derivatives.

Hydrogen peroxide is a worldwide business for the Group, based on production units in Europe (France and Germany), North America (Canada and the United States), and Asia (China).

Its main application markets are pulp and paper, chemical products (including organic peroxides in the case of the Group), textiles and electronics. Its intrinsic qualities, in particular its neutrality vis-à-vis the environment, give this product interesting growth prospects (average worldwide growth estimated at 4% a year)⁽¹²⁾. Energy is an important component of the production costs of this business.

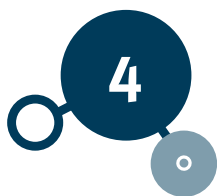
The Group ranks third in the world for production of hydrogen peroxide⁽¹³⁾, its main competitors being Evonik, Solvay, FMC and EKA.

Sodium chlorate, used mainly in the pulp and paper industry, is produced at only one site. The Group is a regional player in the market for this product.

Hydrazine hydrate and its derivatives are manufactured at Lannemezan (France) and marketed worldwide. A 10 million euro capital expenditure plan over the last three years has enabled ARKEMA, the world leader in hydrazine hydrate and its derivatives, to double triazole production capacity in 2007, and in 2008 to boost azoic initiator production by increasing AZDN (azobis isobutyronitrile) capacity and optimising its production process.

(12) Source: ARKEMA internal estimate.

(13) Source: SRI CEH Hydrogen Peroxide January 2006.



BUSINESS OVERVIEW

Overview of the Group's business segments

To strengthen its global positions and take advantage of growth in the regions showing the strongest potential, the Group is carrying out various investments in Europe, North America and Asia. In 2006, production capacity at its Canadian Bécancour plant was increased by 20,000 tonnes, for an investment of around US\$10 million. In 2007, ARKEMA launched an investment totaling around €7 million to improve the reliability of its Jarrie (France) plant and increase the site's hydrogen peroxide production capacity by 10%, taking it to 115,000 tonnes per year of commercial grades. In 2008, the Group successfully brought on stream the capacity extension of its

plant in Shanghai, China, taking it to 80,000 tonnes per year. This extension was carried out as part of the Arkema Shanghai Hydrogen Peroxide joint venture, in which Arkema S.A. holds an indirect 66.6% stake and Shanghai Coking 33.3%. Finally, in March 2008 ARKEMA announced plans to double production capacity at its German site in Leuna to 80,000 tonnes per year, for an investment of around €40 million (delayed taking into account current market conditions). On completion of all these projects, the Group's total production capacity will be close to 440,000 tonnes per year.

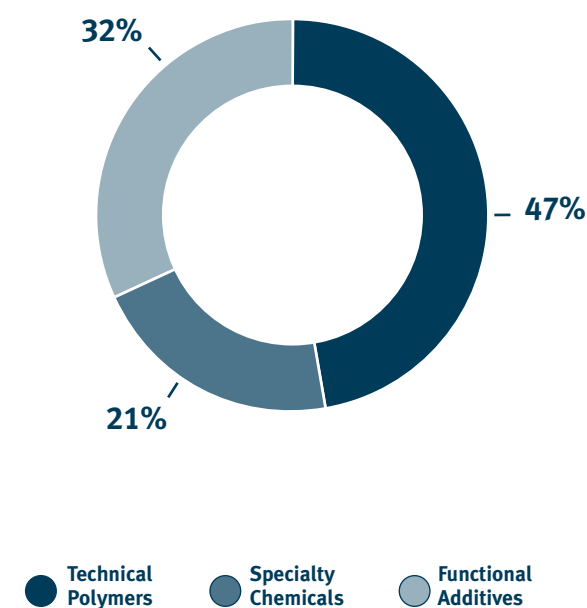
4.4.3 PERFORMANCE PRODUCTS SEGMENT

Key figures

| (In millions of euros) | 2006 | 2007 | 2008 |
|-------------------------------------|-------|-------|-------|
| Sales | 1,784 | 1,723 | 1,602 |
| EBITDA | 156 | 184 | 177 |
| Recurring operating income | 71 | 97 | 92 |
| Capital expenditure (gross value) * | 87 | 83 | 86 |

* Including Cerexagri for 2006.

Breakdown of the segment's sales by BU (2008) ⁽¹⁴⁾



General description of the segment's business

The Performance Products segment comprises three BUs: Technical Polymers, Specialty Chemicals (CECA), and Functional Additives.

These BUs share the same objective, which is to provide, in the various markets concerned, technical solutions adapted to the needs expressed by their customers.

The Group has very strong positions in the various market niches covered by these BUs. This is particularly true of polyamides 11 and 12, PVDF, molecular sieves, PVC additives (tin-based heat stabilizers, acrylic impact modifiers and processing aids) and organic peroxides. A significant portion of the Group's products in these areas is sold under well-known brand names.

Benefiting from its manufacturing facilities on three continents, the Group operates in these markets on a global basis.

Most of the Performance Products segment's BUs have a certain degree of integration with the Group's other business activities. For example, the precursor of PVDF is produced by the Fluorochemicals BU, hydrogen peroxide is a raw material for organic peroxides, and certain acrylic and thiochemical derivatives are used in the production of PVC additives.

⁽¹⁴⁾ In 2007, the breakdown of the segment's sales by BU was as follows: 47% Technical Polymers, 18% Specialty Chemicals, and 35% Functional Additives.

The key success factors for the Performance Products segment lie in the quality of its relations with its customers, its ability to provide innovative solutions resulting from its R&D efforts, to develop new, high value-added products, and its capacity to take advantage of the potential of growing regional markets, in particular Asian markets.

Since 2006, the priority for this segment has been to improve its results and restore its profitability that was affected by the rise in raw material and energy costs, and by the weakness of the US dollar vs the euro. The Performance Products segment intends to boost its presence in Asia and develop new products resulting from innovation. In this regard, the segment has set itself an objective to increase to 20% by 2010 the share of its sales generated by new products less than 5 years old. Additionally, the segment has initiated an active portfolio management by divesting in 2007 its non-strategic activities in agrochemicals and urea formaldehyde resins, while planning targeted acquisitions to consolidate its portfolio. At the beginning of 2009, the Group acquired the organic peroxides business from the American company GEO Specialty Chemicals (Functional Additives BU), which reports annual sales close to US\$30 million. Finally, the Group has undertaken a number of restructuring actions across the segment's BUs.

Technical Polymers BU (13% of total Group sales in 2008)

The Technical Polymers BU includes three main product lines (notably specialty polyamides, PVDF, and functional polyolefins) sold under well-known brand names such as Rilsan®, Orgasol®, Pebax®, Kynar®, Lotryl®, Lotader® and Orevac®.

The specialty polyamide market includes polyamides 11 and 12 which are used mainly in the transport, textile and oil and gas industries. Other products include Orgasol® ultrafine powders, used in cosmetics and paints, Pebax® (polyether block amide), which is used in sports equipment, and copolyamides, used in the textile industry. The Group is the world leader in the production of specialty polyamides (polyamides 11 and 12)⁽¹⁵⁾, where its main competitors are Evonik and EMS.

PVDF is used in architecture, chemical processes, electricity, electronics, and photovoltaic panels. The Group is the world leader in this product⁽¹⁶⁾, with Solvay as its main competitor.

Finally, the functional polyolefins range of products is used primarily in adhesives, the electrical and electronics industries, packaging, and automotive.

The Group has announced or carried out a number of targeted projects in higher value-added product lines. These projects fit in perfectly with the BU's growth strategy which consists in bringing innovative products to the market, expanding the product range,

and carrying out targeted capacity increases, thus building on the excellent marketing positions that these products currently enjoy. Thus the Group began:

- ▶ in February 2007, a 40% increase in the production capacity of Orgasol® ultrafine polyamide powders at its Mont site, France, reflecting ARKEMA's commitment to pursuing the development of this site's production units around high-potential specialty products (Orevac® and Orgasol®);
- ▶ in September 2007, the doubling of its production capacities for high-performance polyamides at its Changshu site, China;
- ▶ in the first quarter 2008, a capacity extension of over 2,000 tonnes per year for Kynar® PVDF at its Calvert City site (United States).

In 2007, the Group also announced its intention to increase its PVDF world capacity by setting up a new VF2/PVDF production plant at Changshu (China), due to come on stream in the second half of 2010.

Moreover, in order to improve its competitiveness, the Technical Polymers BU:

- ▶ launched in July 2006 a restructuring plan for its Rilsan® polyamide fine powder production activity at Serquigny (France), entailing the recentering of powder manufacture within a single plant where capacity was increased in late 2007. The plan resulted in a reduction of 37 positions. In January 2008, the Serquigny site continued the rationalization of its polyamides activity with the announcement of a reorganization project. The project includes the loss of 49 positions, and the investment of €13 million designed to increase production capacity for new generation technical polymers;
- ▶ announced in the second quarter 2007 the closure, in two steps, of its copolyamide granule and powder production plant at Bonn (Germany). The powder activity was closed down in late 2007, and the site as a whole is due to be closed mid-2009. The shutdown will result in the loss of 83 positions in total;
- ▶ announced in October 2007 a project aiming to improve productivity at its Marseille Saint Menet (France) site, and to increase production capacity by 10% for the Rilsan® 11 monomer. With investments totaling €15 million, the project has resulted in a reduction of some 50 positions.

Specialty Chemicals BU (CECA) (6% of total Group sales in 2008)

The Specialty Chemicals BU takes the form of the CECA subsidiary and covers two main areas: surfactants and interface agents, on the one hand, and adsorption and filtration, on the other.

(15) Source: ARKEMA internal estimate.

(16) Source: SRI CEH Fluoropolymers, October 2005.



BUSINESS OVERVIEW

Overview of the Group's business segments

The first area of business consists mainly of a number of specialty chemicals produced downstream from fatty acids. The wide variety of products are used as additives in very diversified areas such as oil and gas production, bitumens, fertilizers, corrosion inhibitors, anti-statics and emulsifiers

The second area of business encompasses a number of mineral products: molecular sieves (for which CECA is the world's number two)⁽¹⁷⁾, diatomite, activated carbon, and perlite. They are mainly used as adsorption and filtration aids in the following sectors: food industry, chemicals, construction, industrial gas separation, pharmaceuticals, and environmental protection.

CECA's strategy consists of developing higher value-added product lines by drawing on its R&D efforts and its strong knowledge of customer needs.

In order to take advantage of prospective market growth and strengthen its global position, CECA launched in 2007 its new specialty molecular sieves production lines at its Inowroclaw plant in Poland and its Honfleur plant in France, thereby increasing by 30% its production capacities. Additionally, CECA announced in April 2008 the acquisition of the "Activated Carbon and Regeneration" business from SNF Italia, a subsidiary of the SNF FLOERGER group. This activity, based in Italy, generates annual sales of the order of €4 million in the European environment market.

In addition, in order to continue to boost its competitiveness, CECA:

- ▶ has put in place new production capacities for sodium hypophosphite in the Shanghai region of China, through an industrial partnership;
- ▶ carried out in 2007 a project to recenter the specialty surfactants activity, including the acquisition of the anticaking additives business from Akzo Nobel, and the divestment of its commodity primary amines activity to Akzo Nobel, with a resulting reduction of 22 positions at the Feuchy (France) site.

CECA announced at the end of 2008 the disposal of its quaternary esters and phosphoric esters activity to the American company Stepan, which account for annual sales of the order of €8 million. CECA has also announced the acquisition of part of the "amine derivatives" business of the Japanese company Kao Chemicals Europe.

Finally, in February 2009, CECA announced the acquisition of the Italian company Winkelmann Mineraria, whose main activity is the production of expanded perlite for the agro-food market, with sales of the order of €6 million in 2008.

Functional Additives BU (9% of total Group sales in 2008)

This BU brings together a number of product lines (organic peroxides, PVC additives, additives for coatings, and catalysts).

Organic peroxides are initiators that are used in several areas: commodity polymers (initiators of the reaction for low-density polyethylene, PVC, and polystyrene), acrylic polymers, unsaturated polyesters, or the cross-linking of rubber. The Group estimates that it ranks second worldwide in this sector. Its main competitors are Akzo and United Initiators.

PVC additives include impact modifiers, processing aids and heat stabilizers. In the coatings sector, the Group sells products used in flat glass and glass bottles. The group is one of the world's leading companies in each of its main applications. For example the Group ranks second worldwide in the production of tin-based heat stabilizers for PVC⁽¹⁸⁾, and is the leading US manufacturer of impact modifiers⁽¹⁹⁾. In tin-based stabilizers, its main competitors are Rohm & Haas and Chemtura.

Additives are produced in Europe, North America and Asia.

To meet strong growth in Asian construction and packaging markets, and to boost its leading position in this region, the Group announced in September 2007 the doubling of production capacity for PVC heat stabilizers in Beijing (China). This extension has increased capacity to 12,000 tonnes per year, making the Beijing plant the largest in Asia.

Additionally, in order to restore its competitiveness, the Functional Additives BU:

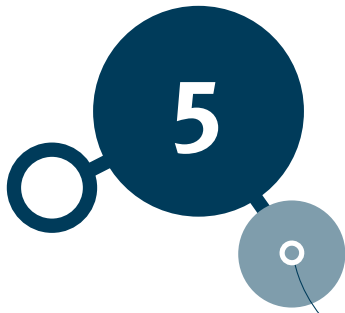
- ▶ closed down organic peroxide production at its Loison-sous-Lens site in France in November 2007, resulting in a reduction of 57 positions;
- ▶ launched in 2007 a plan for the future of the Vlissingen site (Netherlands), designed to restore its competitiveness, and entailing primarily the closure of tin derivatives production for agrochemicals, resulting in a reduction of 57 positions;
- ▶ closed down in 2007 epoxy soya oil manufacture as part of a plan for the reorganization of the Pierre-Bénite plant (France);
- ▶ carried out in 2008 a plan for the restructuring of the organic peroxide activity at the Crosby site (United States), resulting in a reduction of 26 positions;
- ▶ announced in 2008 the closure of its Axis site (United States, Alabama) producing methacrylate-butadiene-styrene (MBS) impact modifiers marketed under the tradename Clearstrength® with a view to concentrating its world production within the Vlissingen facility in the Netherlands, resulting in cost savings from 2009.

At the beginning of 2009, the Group acquired the organic peroxide business from the American company GEO Specialty Chemicals, which generates annual sales close to US\$30 million.

(17) Source: ARKEMA internal estimate.

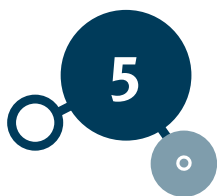
(18) Source: SRI CEH Organometallics, March 2005.

(19) Source: SCUP Plastics Additives, December 2006.



Information about the Company

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5.1 Information about the Company

5.1.1 COMPANY NAME

The Company's name is Arkema.

5.1.2 REGISTRATION PLACE AND NUMBER

The Company is registered at the Nanterre Trade and Companies Registry (*Registre du commerce et des sociétés de Nanterre*) under registration number 445 074 685.

The Company's SIRET number is 445 074 685 00030. Its NAF code is 241L.

5.1.3 DATE OF INCORPORATION AND TERM

The Company was incorporated on 31 January 2003 for a fixed period of 99 years from its date of registration at the Trade and Companies Registry, until 31 January 2102, unless the term is extended or the Company is wound up earlier.

5.1.4 REGISTERED OFFICE, LEGAL FORM, AND APPLICABLE LEGAL REGIME

Registered office: 420, rue d'Estienne d'Orves, 92705 Colombes
Telephone: +33 1 49 00 80 80

The Company is a French *société anonyme* with a Board of Directors governed by the legislative and regulatory provisions of the *Code de commerce*.

5.1.5 MAJOR EVENTS IN THE DEVELOPMENT OF ARKEMA'S ACTIVITIES

Please refer to section 4.4 of this reference document.

5.1.6 RECENT EVENTS

5.1.6.1 Events between 31 December 2008 and the review of the accounts by the Board of Directors on 4 March 2009

Since the beginning of the year, ARKEMA continues to refocus its portfolio of businesses. ARKEMA has thus expanded in the filter aid range for agro-food markets with the acquisition by its subsidiary CECA of the company Winkelmann Mineraria representing annual sales of approximately €6 million.

ARKEMA also announced the divestment of its vinyl compounds business at Vanzaghello (Italy) representing annual sales of approximately €22 million. Finally, in February, ARKEMA finalized the acquisition of the organic peroxide business of Geo Specialty Chemicals.

Moreover, ARKEMA announced the signature with Dyneon, one of the world leaders in fluorinated polymers, of a long-term agreement for the supply of HFC-22 in Europe.

5.1.6.2 Events since the review of the accounts by the Board of Directors on 4 March 2009

ARKEMA announced on 11 March 2009 that it presented to the Central Work Council a plan for the closure of its production of methyl ethyl ketone at the La Chambre (France) industrial site by end 2009 and for the sale of marketing and sales assets to Sasol Solvents Germany GmbH.

5.2 Capital expenditure

5.2.1 DESCRIPTION OF THE MAIN CAPITAL EXPENDITURE MADE BY THE GROUP OVER THE PAST THREE YEARS

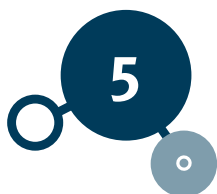
The Group's capital expenditure (in intangible and tangible assets) amounted to €336 million in 2006 (including Cerexagri), €325 million in 2007, and €335 million in 2008. On average, the Group has therefore invested around €332 million per year. Over this period, capital expenditure has been focused on (i) the maintenance of industrial facilities, safety and environmental protection, accounting for approximately 48% of the total, and (ii) development projects,

in the form of either major projects or productivity improvements in existing facilities, accounting for approximately 52%.

On average, 29% of investments were spent on the Vinyl Products segment, 45% on the Industrial Chemicals segment, and 26% on the Performance Products segment. On average, 74% of these investments were made in Europe, 18% in North America, and 8% in Asia.

The main development investments carried out by the Group over the past three years were:

| Year | BU | Description |
|------|--------------------------------|--|
| 2006 | Acrylics | Debottlenecking of an acrylic acid unit at Carling (France) |
| | Hydrogen Peroxide | Doubling of capacity for a hydrazine derivative at Lannemezan (France) Increase in hydrogen peroxide capacity at Bécancour (Canada) Debottlenecking of a production unit at Memphis (United States) |
| | PMMA | Construction of a new cast sheet line at Saint-Avoid (France) following the closure of the site at Leeuwarden (Netherlands) |
| | Technical Polymers | Capacity increase at the Grafted Orevac® unit at Mont in France and at the grinding plant at Nanhui (China) |
| | Chlorine / Caustic Soda | Debottlenecking of VCM production plant at Lavera (France) as part of Vinyl Products segment consolidation plan |
| 2007 | Chlorine / Caustic Soda | Debottlenecking of VCM production plant at Fos-sur-Mer (France) as part of Vinyl Products segment consolidation plan |
| | Thiochemicals | Increase in DMDS capacity at Lacq-Mourenx (France) |
| | Fluorochemicals | Start-up of new HFC-32 production plant at Calvert City (United States) |
| | Hydrogen Peroxide | Increase in hydrogen peroxide production capacity at Jarrie (France) |
| | Technical Polymers | Increase in polyamide ultrafine powder production capacity at Orgasol® plant at Mont (France) Doubling of high performance polyamide production capacity at Changshu (China) Increase in Kynar® PVDF production capacity at Calvert City (United States) |
| | Specialty Chemicals | Start-up of new specialty molecular sieve production lines at Inowroclaw (Poland) and Honfleur (France) |
| 2008 | Chlorine / Caustic Soda | Installation of electrolysis plant at Saint-Auban (France) as part of Vinyl Products segment consolidation plan |
| | Hydrogen Peroxide | Doubling of hydrogen peroxide production capacity at Shanghai plant (China) Optimization of process and production capacity increase for azoic initiators at Lannemezan (France) |



INFORMATION ABOUT THE COMPANY

Capital expenditure

5.2.2 DESCRIPTION OF MAIN CURRENT INVESTMENT PROJECTS

The Group's main current investment projects are the following:

| | |
|---------------------------|--|
| Hydrogen Peroxide | Increase in hydrogen peroxide capacity at Leuna plant (Germany) (Delayed taking into account current market conditions) |
| Fluorochemicals | Construction of HFC-125 production plant at Changshu (China) in partnership with Daikin |
| Technical Polymers | Optimization and increase in monomer capacity for Rilsan® 11 polyamide at Marseille (France) Development of Kynar® PVDF production site at Changshu (China) |
| Acrylics | New 2-ethyl hexyl acrylate plant at Carling (France) |
| PMMA | Increase in production capacity for acrylic resin compounds at Bristol (United States) |

Capital expenditure is first and foremost financed by the resources built up by the Company in the year. Beyond this, the Company can

use the available part of its syndicate credit line of a total amount of €1.1 billion (see section 10.2 of this reference document).

5.2.3 FUTURE CAPITAL EXPENDITURE

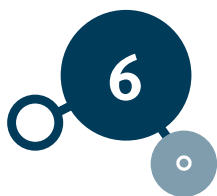
ARKEMA considers that on average capital expenditure should stand at around €300 million per year, of which half will be dedicated to growth and productivity capital expenditure. In particular, the Group intends to allocate over €50 million per year on average to its development in Asia.

However, in 2009 in order to adapt to the current economic conditions, the Group plans to limit this capital expenditure to less than €270 million.



6 Risk factors

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RISK FACTORS

Dependence factors

The Group carries out its business activities in a rapidly changing environment, which creates risks for the Group, many of which are beyond its control. The risks and uncertainties described below are not the only ones which the Group faces or will face in the future. Other risks and uncertainties of which the Group is currently unaware

or that it deems not to be significant as of the date of this reference document could also adversely affect its business activities, financial situation, results, or future prospects. Risk assessment and management are described in sections 15.7.1.3 and 15.7.1.5 B of this reference document.

6.1 Dependence factors

6.1.1 DEPENDENCE ON SUPPLIERS

In general, the Group does not depend on a single supplier for the majority of its raw material supplies. However, for certain raw materials that are essential to its business, the Group is dependent on only one supplier or a limited number of suppliers for a significant part of such supplies; failure to perform by any such supplier or a significant increase in prices charged by any one such supplier could have a material adverse effect on the Group's business, financial situation, results, or future prospects.

In addition, some of the Group's operational units in France (in the chlorochemicals, acrylic acid, oxo-alcohols and functional polyolefins sectors) were built downstream of steamcrackers owned by Total Petrochemicals France (TPF). The level of physical integration of these units with TPF's production capacities is particularly high, and the raw materials delivered by Total S.A. are essential for the operation of the Group's factories in France. The main contracts are described in section 22.1 of this reference document.

Furthermore, the Group has entered into long-term agreements containing minimum supply commitments with a number of its raw materials suppliers. In the event of failure to fulfill these contractual commitments or if the Group should terminate these agreements before the end of their term, the relevant suppliers could file claims for compensation or for payment of penalties, which could adversely affect the Group's results and financial situation.

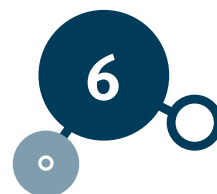
Lastly, if one of the contracts described in chapter 22 of this reference document was not renewed on expiry, or was renewed on less favorable terms than those initially agreed, this could have a significant unfavorable effect on the Group's business, financial situation, results and future prospects.

6.1.2 DEPENDENCE ON CERTAIN CUSTOMERS

The Group has entered into agreements with certain customers that represent significant financial income. The Group in particular supplies significant quantities of acrylic derivatives to various companies, with the Acrylics and the Specialty Acrylic Polymers BUs deriving substantial sales from these customers. However, none of these sales represented more than 2% of total Group sales in 2008. The Group's business, financial situation, results and future prospects would be adversely affected in a material way if these agreements were to be terminated, were not renewed at the end of their term, or were renewed under less favorable conditions than the

conditions initially agreed upon, or if the supply of acrylic products to the relevant companies were interrupted.

In addition, some of the Group's customers could be acquired by competitors with upstream integration in the chemicals sector. In such circumstances, it cannot be ruled out that these customers would cancel their contracts with the Group, not renew such contracts at the end of their term, or renew contracts at less favorable terms than initially agreed, which could have an unfavorable effect on the Group.



6.1.3 DEPENDENCE ON CERTAIN TECHNOLOGIES

In its business activities the Group uses a number of technologies under license from third parties. If, for any reason, the Group were no longer able to use these technologies, this could produce an

adverse effect on its business, financial situation, results and future prospects.

6.2 Main risks

6.2.1 RISKS RELATING TO THE GROUP'S BUSINESS ACTIVITIES

The prices of certain raw materials and energy resources used by the Group are very volatile, and fluctuations in such prices lead to significant variations in the costs of the Group's products.

The Group uses large quantities of raw materials and energy resources in the manufacturing processes of its products.

A significant part of raw material costs, energy costs and transport costs is directly or indirectly related to the price of crude oil. Consequently, the Group's exposure to oil price volatility is high.

Moreover, the Group's businesses use large quantities of gas and liquid fuels, making it highly exposed to volatility in prices for these energy sources.

The Group is also exposed to fluctuations in the prices of other raw materials not related to oil such as tin and castor oil.

The Group seeks to secure its sources of supply for these raw materials and its energy sources and to reduce the cost thereof by diversifying its sources of supply.

To limit the impact of volatility in the prices of its main raw materials and energy sources, the Group may also use derivatives, such as futures, forwards, swaps and options, on both organized and over-the-counter markets. Such instruments are strictly related to existing contracts (see notes 22.5 and 23 of the notes to the financial statements presented in chapter 20 of this reference document).

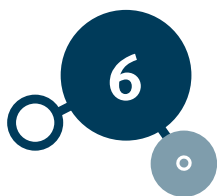
The Group has entered into agreements for the supply of certain raw materials and energy resources; if such agreements were not renewed or were renewed under less favorable terms, this could adversely affect the Group's financial situation.

The supply of electricity to the chlorine-producing plants is covered by an agreement with EDF, which will expire at the end of 2010. Given the importance of electricity supplies to these sites (large amounts

of electricity are used in chlorine/caustic soda electrolysis and in the production of chlorate and perchlorate), any deterioration in the Group's electricity purchasing terms when the agreement is renewed could have a material adverse effect on the Group's business, financial situation, results, and future prospects. Likewise, the supply of electricity to non-chlorine producing sites is covered by a long-term agreement with EDF. As the price of electricity used by the Group in France accounts for a significant portion of the production cost of certain products and is negotiated with EDF based on market prices, an increase in the price of electricity or the impossibility of taking the minimum quantities provided for under the agreement could adversely affect the Group's business, financial situation, results and future prospects. A detailed description of the two agreements with EDF for the Group's chlorine-producing and non chlorine-producing plants is provided in section 22.1.1 of this reference document.

EDF and the Exeltium consortium, of which Arkema France is a member, have concluded a contractual framework under the terms of which ARKEMA could purchase part of its electricity requirements after 2010. The EXELTIUM consortium is now seeking the necessary financing to start up the project. If, for whatever reason, the parties are unable to conclude these negotiations, the possibility cannot be ruled out that the alternative solutions available to ARKEMA on expiry of the contracts concluded with EDF will result in an increase in electricity prices, which could have an adverse effect on the business, financial situation, results, and future prospects of the Group.

Historically, the thiochemical businesses were developed at the Lacq site in France to take advantage of the abundant supply of hydrogen sulfide available on site. Hydrogen sulfide is a key raw material in thiochemicals and is present in large proportions in the gas produced at Lacq. Due to the upcoming decline in and depletion of the Lacq gas field, these conditions will disappear by 2013 (as projected



RISK FACTORS

Main risks

today). While, as of the date of this reference document, no detailed study has been conducted to identify solutions that would enable the Group to continue to conduct its thiochemicals businesses under reasonable conditions, the Group cannot rule out the possibility that any potential remedial solutions adopted may not enable it to continue these operations in the future under conditions equivalent to those prevailing today, which could have a material adverse effect on the Group's results and future prospects.

The Group's pension and similar obligations may exceed its related provisions or, in certain cases, could result in asset shortfalls.

Although Total S.A. has retained some pension obligations dating back to before the Spin-Off of Arkema's Businesses, the Group has obligations to its employees for pension benefits and other post-employment benefits due upon termination of employment in most countries where it operates (see section 17.4 of this reference document). Projections of the Group's obligations are based on actuarial assumptions and, more particularly, on estimated salaries at retirement age, mortality tables, discount rates, anticipated long-term yields on the invested funds, and rates of increase in compensation levels. If these actuarial assumptions failed to materialize, if new regulations were enacted or if existing regulations were amended or applied differently, the Group's pension, retirement and related obligations (i) would have to be adjusted and its cash position would be favorably or unfavorably affected by the financing of assets allocated to cover such obligations, and (ii) could exceed its related reserves as described in the financial statements included in chapter 20 of this reference document.

In some countries where the Group operates, particularly the United States, obligations arising from employment agreements, retirement schemes and plans or other benefits to which Group employees are entitled are coupled with an obligation to allocate assets to finance such benefits. The value of these assets depends of the evolution of financial markets. A fall in these markets could result in the Group having an obligation to make a financial contribution.

While as of 31 December 2008 the obligations relating to such benefits were adequately reserved for, the possibility that the Group may be required to allocate additional assets to cover these benefits cannot be ruled out, and this could have a material adverse effect on its results and financial situation.

Some of the technologies that the Group currently uses are at risk from changes in legislation and regulations.

As an example, the use of the mercury process for the production of chlorine and caustic soda may be curtailed. While as of the date of this reference document there are no French or European regulations setting a timetable for discontinuing such electrolysis in Europe, the Group will most likely be required to begin to shut down these facilities and replace them with units that use a membrane process over the next several years, as some of its competitors have already done. At the date of this reference document, the Group has not set a specific timetable to undertake this process, but it plans to abide by the commitment made by Eurochlor (association of European manufacturers), which has set 2020 as the deadline for discontinuing mercury electrolysis in Europe. The Group is aware of pressure from certain environmental organisations to revise this timetable.

To the best of the Company's knowledge, no legislative or regulatory change has a sufficiently precise scope or schedule to be considered, at the date of this reference document, as likely to put another technology of the Company at risk and to adversely affect the business, results and financial situation of the Group.

ARKEMA is an international group that is exposed to the economic environment as well as to political and regulatory risks and conditions in the countries in which it operates.

The Group operates in the world market and has production facilities in Europe, North America and Asia. Many of its main customers and suppliers also have international operations.

Consequently, the Group's business and financial results are likely to be directly or indirectly affected by any negative change in the world economic, political and regulatory environment in which the Group operates.

The direct and indirect consequences of conflicts, terrorism, political instability or the emergence of health risks in countries where the Group is active or markets its products could affect the Group's financial situation and future prospects, in particular by causing delays or losses in the delivery or supply of raw materials and products and increasing costs related to safety, insurance premiums or other expenses needed to ensure the future business of relevant operations.

The Group's international business activity exposes it to a multitude of local business risks, and its global success depends on its ability to adapt to economic, social and political changes in each of the countries where it operates. The Group could fail to develop and implement effective policies and strategies in each of its foreign bases.

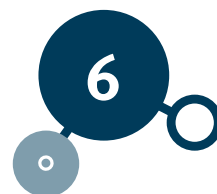
Furthermore, changes in legislation or the unexpected adoption of more stringent regulatory requirements (particularly with respect to taxes, customs duties, intellectual property and import/export licenses or health, safety or environmental regulations) could significantly increase the costs incurred by the Group in the various countries in which it operates.

If any of the risks described above were to materialize, this could adversely affect the Group's business, financial situation, results, and future prospects.

In some countries where the Group operates, the production, sale, importing or exporting of certain products is subject to prior authorizations and permits.

In almost all countries where the Group operates, the production, sale, importing or exporting of certain products is subject to the award, maintenance or renewal of authorizations and permits, particularly operating permits. If the Group were unable to secure or renew such licenses or permits, or if these were renewed on less favorable terms than the terms initially agreed, this could adversely affect the Group's business, results, or financial situation.

A number of the Group's facilities are located on land that it does not own and that it leases.



While the Group owns most of the land on which its facilities are built, some facilities, particularly in France and in Asia, are located on land that belongs to third parties and that the Group occupies under the terms of leases or similar agreements. If these agreements were to be terminated or not renewed or if they were renewed on less favorable terms than the terms initially agreed, this could adversely affect the Group's business, results, or financial situation.

To the best of the Company's knowledge, at the date of this reference document, there are no specific significant risk relating to the potential non renewal during the year of leases or similar agreements on which the Company's business depends and which, if they were not renewed, could adversely affect the business, results and financial situation of the Group.

The various industries in which the Group is active are exposed to variations of supply and demand, which could have a material adverse effect on its results and financial situation.

The Group's results could be directly or indirectly affected by variations of supply and demand in the various industries in which it operates.

In this respect, external factors over which the Group has no control, such as general economic conditions, competitors' activities, international conditions and events, or changes in regulations could foster volatility in raw material prices and in demand, leading to fluctuations in the prices and volumes of products sold by the Group and in these products' profit margins.

The Group faces intense competition.

The Group faces intense competition in each of its business lines.

In Vinyl Products and Industrial Chemicals, the commodity nature of the products puts the emphasis on price competition. Some of the Group's competitors are larger than the Group and are more vertically integrated, which could enable them to benefit from lower production costs for certain products that are also manufactured by the Group.

In Performance Products, differentiation and innovation and the quality of the products and related services play an important role. Despite the efforts that the Group has made in this area, based on these criteria, the Group cannot assert that its product range is more attractive than that of its main competitors.

Any of the Group's products may face intense competition, particularly due to excess production capacity or low prices set by certain manufacturers that operate with highly competitive production cost structures.

The introduction on the market of new products or new technologies developed by the Group's competitors, most notably in Asia, or the emergence of new competitors could also affect the Group's competitive position, which could adversely affect its business, results and financial situation.

The Group is dependent on the development of new products and processes.

The business activities and future prospects of the Group are heavily reliant on its ability to produce new products and new

applications and to develop new production processes. The Group cannot guarantee that it will develop such new products and new applications successfully, or that it will be able to launch them on the market at the right time.

To remain competitive in the highly competitive chemical industry, the Group must dedicate substantial funds to R&D each year for the development of new products and processes. Even if its R&D efforts are successful, the Group's competitors could develop more effective products or successfully introduce a larger number of products on the market. The Group spends over 2.5% of its revenues on R&D. Ongoing expenditure dedicated to launching new products or to research and development of future products could lead to higher than expected costs without producing a proportional increase in the Group's revenues.

If any of these events were to occur, this could adversely affect the business, results, and financial situation of the Group.

Some Group companies are exposed to risks relating to operations conducted through joint ventures in which they do not hold an exclusive controlling interest.

The Group is exposed to risks relating to joint ventures in which it does not hold an exclusive controlling interest. Some of these joint ventures are also important customers or suppliers of the Group. The joint ventures included in the Group's scope of consolidation are described in the notes to the financial statements presented in chapter 20 of this reference document.

In accordance with the contracts and agreements governing the operation, control and financing of these joint ventures, certain strategic decisions can be made only with the agreement of all partners. There are risks of disagreement or deadlocks among the partners in these joint ventures. In certain cases that are beyond ARKEMA's control, these joint ventures could also take decisions that run against the Group's interests.

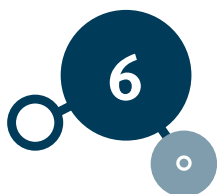
Lastly, the Group's investments in these joint ventures, in general or pursuant to specific agreements with the partners in these companies, may require that it make further investments in them or purchase or sell certain companies.

Any of the situations mentioned above could adversely affect the Group's business, financial situation, results and future prospects.

The pacts or agreements relating to joint ventures are described in chapter 22 of this reference document for those that the Group considers significant.

Some of the Group's production facilities are exposed to climatic or seismic risks due to their geographical location.

The Group has identified 11 production facilities, in particular in the United States (seven sites near the Gulf of Mexico, four sites near the Ohio and Mississippi Rivers) that are exposed due to their geographical location to risks of physical deterioration or even production interruption owing to major climatic events such as storms or hurricanes or to seismic activity (i.e. earthquakes). If such events occur, this could have material adverse effects on the Group's business, financial situation, results and future prospects.



RISK FACTORS

Main risks

The Group owns or uses a number of pipelines; if these were to be damaged or destroyed by an accident, this could adversely affect the Group's business and financial situation.

The Group owns or uses a limited number of pipelines, some of which belong to third parties, for carrying supplies of raw materials. Despite the security measures that the Group has adopted for the operation

of these pipelines (see section 8.2.1.2 of this reference document), the possibility of an accident can never be ruled out. In addition to the environmental impact, such an accident would negatively affect the Group's raw materials supplies and could consequently produce a material adverse effect on its business, financial situation, results and future prospects.

6.2.2 INDUSTRIAL AND ENVIRONMENTAL RISKS

6.2.2.1 Risks relating to environmental regulations

The Group's business activities are subject to ever changing local, national and international regulations on the environment, health, hygiene and safety, which impose increasingly complex, costly and restrictive requirements.

The Group must comply with a variety of environmental, health, hygiene and safety regulations, pertaining, among other things, to industrial safety, emissions or releases into the air, water or soil of toxic or hazardous substances (including waste), to the use, production, labeling, traceability, handling, transport, storage, elimination of, or exposure to such substances, and to the remediation of industrial sites and environmental clean-up.

Should the courts or the competent authorities adopt a stricter stance in interpreting and applying these regulations, the Group could be compelled to incur higher financial costs than its current costs. In addition to these existing regulations, which could be amended to be more restrictive for the Group, other regulations are in the process of being enacted or could be enacted in the future.

Examples include European regulation n° 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation and Authorization of Chemicals (REACH) as well as the restrictions applicable to these substances, which came into force on 1 June 2007 (see section 8.2.2.3 of this reference document). Similarly, law n°2008-757 of 1 August 2008 has incorporated into French law directive 2004/35/EC of 21 April 2004 relating to environmental liability with regard to the prevention and remedying of environmental damage, and could lead to an upsurge in grounds for remedy invoked against industrial operators.

Finally, in December 2008, the European Parliament and the European Council reached an agreement in the first reading on a revision of the European directive 2003/87/EC to improve the greenhouse gas trading system for the period from 2013 to 2020: the amount of

allowances that will be allocated to the Group depends on the rules that the European Commission will define in the coming years.

If existing regulations were to be amended to become more restrictive for the Group or if new regulations were adopted, this could (i) compel the Group to significantly scale back on production and marketing of certain products, or, possibly, discontinue production and marketing altogether, or shut down, temporarily or permanently, certain production units; (ii) restrict the Group's ability to alter or expand its facilities, to modify certain production processes or to continue production; and (iii) possibly compel it to abandon certain markets, to incur significant expenditure to produce substitute substances, to institute costly emissions control or reduction systems, or, more generally, to incur significant new expenditures, in particular for remediation of existing sites. The resulting consequences and costs for the Group cannot be accurately estimated due to existing uncertainties over the content of such regulations, their implementation dates, or the allocation of costs among the various industry players.

Failure to comply with these regulations could lead to administrative, civil, financial or criminal sanctions, which could adversely affect the Group's business, results and financial situation.

6.2.2.2 Environmental and industrial safety risks

The business areas in which the Group operates entail significant environmental liability risks.

The Group operates many industrial facilities, in particular "Seveso" facilities as defined by European Directive (EC) n° 96/82 of 9 December 1996 known as the "Seveso II Directive" or similarly identified facilities outside Europe, where hazardous substances that are liable to present significant risks to the health or safety of neighboring populations and to the environment are used, produced or stored. In this respect, the Group has in the past and may in the

future incur liability (a) for having caused injury or damages (i) to persons (mainly due to exposure to the hazardous substances that are used, produced or destroyed by the Group or that are present on these sites); or (ii) to property, or (b) for having caused damages to natural resources.

While the Group has adopted safety procedures for its R&D projects and for its plants and production processes, due to the very nature of their operations, the dangerousness, toxicity or flammability of certain raw materials, finished products or production or supply processes, the Group's plants may be the source of risks and, in particular, risks of accidents, fire or explosion and pollution.

While the Group has secured insurance policies to cover civil liability and environmental risks from leading insurance companies (see section 6.3 of this reference document), should claims arise involving the Group's businesses or products, the possibility that it may be held liable for amounts exceeding the coverage ceilings or for uninsured events cannot be ruled out. Furthermore, any accident, whether it occurs at a production site or during the transport or use of products made by the Group, may result in production delays or claims for compensation, particularly contractual claims, or product liability claims.

The amounts covered by provisions or included in the Group's investment plans may prove to be insufficient if the Group's liability is engaged for environmental claims, due to the intrinsic uncertainties involved in projecting expenditures and liabilities relating to health, safety and the environment. As regards provisions, the Group applies IFRS. These standards allow provisions to be recorded only when the Group has a legal, regulatory or contractual obligation to a third party resulting from past events. This obligation can also arise from public commitments or practices of the Group that have created a legitimate expectation from the relevant third parties that the Group will assume certain liability, where it is likely or certain that this obligation will give rise to an outflow of resources to such third party, and the amount can be reliably estimated and corresponds to the best possible estimate of the commitment. It cannot be ruled out that the assumptions used to determine these provisions and investments will need to be adjusted, mainly due to changes in regulations, changes in the interpretation or application of regulations by the relevant authorities, or, with respect to issues related to restoration of the environment, changes in technical, hydrological or geological restrictions, or the discovery of pollution that is not yet known.

Consequently, should the Group's liability due to environmental and industrial risks be engaged, this could have a material adverse effect on its business, financial situation and results.

Achieving compliance for sites that are still in operation or for sites where operations have ceased entails a risk that could generate substantial financial costs for the Group.

The competent authorities have made, are making or may in the future make specific requests that the Group rehabilitates or controls

emissions at certain sites that it is currently operating, or that it operated or disposed of in the past, at neighboring sites or at sites where the Group stored or disposed of waste. The Group may be required to incur significant costs to fulfill these obligations.

Sites currently in operation

In the light of (i) the uncertainties over the technical means to be implemented, (ii) potential issues that are unknown as of the date of this reference document, (iii) uncertainties over the actual time required for remediation compared with the estimated time (e.g. for example in the area of "pump and treat"), and (iv) potential changes in regulations, the possibility that the expenses that the Group will incur will be higher than the amounts covered by provisions cannot be excluded. These potential excess expenses relate mainly to the sites in Calvert City (United States), Carling (France), Günzburg (Germany), Jarrie (France), Pierre-Bénite (France), Riverview (United States), Rotterdam (the Netherlands) and Saint-Auban (France), and could adversely affect the Group's business, results and financial situation. As regards the site of Saint-Auban, different legal proceedings brought against Arkema France have been grouped together (merging of proceedings – "jonction de procédures") with the Nanterre correctional court. These proceedings are currently under preliminary investigation.

Sites where operations have ceased

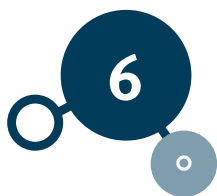
Under the conditions described in section 22.2 of this reference document, certain Total S.A. companies, through service and indemnity agreements with the Group, cover certain liabilities associated with certain sites in France, Belgium and the United States, for which the operations have ceased.

However, certain sites for which the Group is liable (the number of which has been substantially reduced through the indemnities and obligations granted by Total S.A. described in section 22.2 of this reference document) and certain specific risks, in particular health risks, are not covered by such service and indemnity agreements, so that the Group remains liable for any associated expenses for which, in the light of the Group's current knowledge, provisions do not need to be booked, and this could adversely affect its business, financial situation and results.

6.2.2.3 Risks relating to exposure to hazardous or toxic substances

Employees and former employees of the Group and service providers or customers of the Group may have been exposed and, to a certain extent, may still be exposed, to toxic or hazardous substances.

In manufacturing its products, the Group uses and has in the past used toxic or hazardous substances. In spite of safety and monitoring procedures implemented by the Group and each production site,



RISK FACTORS

Main risks

Group employees and in some cases the employees of other companies and service providers may have been exposed to such substances and developed specific pathologies from such exposure, which could induce them to file claims against the Group in future years.

Certain employees of the Group or of other companies and service providers that work with the Group, may have been exposed to materials or equipment containing asbestos. The Group is involved in legal actions and occupational illness claims due to past exposure to asbestos, mostly for the period before 1977 with respect to the use of asbestos in the form of fireproofing materials and for the interim period until 1997, at which time the use of asbestos was banned in France. Owing to the latency periods for various asbestos-related pathologies, the possibility that an increasing number of legal actions or occupational illness claims will be filed in the years ahead cannot be ruled out, and this could adversely affect the Group's business, financial situation or results.

Some third party actions relating to asbestos are described in sections 6.4.2.4 and 8.2.3.2 of this reference document.

Employees of the Group or its service providers or customers or persons living near the Group's manufacturing facilities are exposed or have in the past been exposed to certain substances that are currently considered not to be hazardous. However, chronic toxicity, even in very low concentrations or exposure doses, could be discovered in the future. This could lead to claims against the Group and could adversely affect its business, results and financial situation.

The R&D activity (described in section 11.1 of this reference document) involving carbon nanotubes includes research into the toxicity of these particles. Depending on the advancement of knowledge, and if it can be demonstrated that the precautionary measures taken by the Group to minimize any exposure to these particles have been insufficient, the Group could be liable for the consequences, and this could adversely affect the Group's business, financial situation or results.

6.2.2.4 Risks relating to transport

The Group arranges for the transport of various hazardous, toxic or flammable materials by road, rail, ship and air, particularly for

shipments to customers in the different countries where it operates. These modes of transport generate risks of accidents and any such accidents could give rise to claims against the Group, in particular in its role as the shipper. Furthermore, due to the strengthening of regulations on hazardous materials transport and to the temporary or permanent lack of availability of transport for certain toxic or hazardous products to certain destinations, the Group could (i) face delays in delivery or even refusals by its carriers to collect shipments, (ii) experience increased difficulties in meeting certain kinds of demand from its customers, or (iii) face an increase in certain shipping costs or shipping equipment rental costs, or (iv) need to reduce certain shipments unless it sets up geographical transportation ties with other manufacturers. If this were to occur, it could adversely affect the Group's business, results and financial situation.

6.2.2.5 Risks relating to storage

The Group uses many storage areas and warehouses located on its manufacturing sites and elsewhere. Such storage facilities may present risks to the environment or to public health and safety. Accidents for which the Group may be held liable could arise in the storage and warehousing centers used by the Group. If this were to occur, it could adversely affect the Group's business, results and financial situation.

Some of the storage providers that the Group uses derive substantial revenues from the Group in certain regions. Should one of these providers fail to perform, the Group could be compelled to renegotiate storage contracts under less favorable conditions, or to store its products in other locations. If this were to occur, it could adversely affect the Group's business, results and financial situation.

As a result of economic decisions or changes in regulations, storage providers may wish to close certain unprofitable warehouses or may be unable to continue their storage/packaging operations. In this case, the Group would have to store these products in other regions, possibly at more distant storage facilities. This would result in additional transport costs for the Group, which could adversely affect its business, results and financial situation.

6.2.3 TAX RISKS

The Group is an international group that operates in a large number of countries through its affiliates. Any change in the tax or customs duty laws or regulations in one of these countries could adversely affect the Group's financial situation and results.

Furthermore, the Group enjoys special tax treatment in some countries, such as reduced tax rates under certain conditions and for limited periods of time. If such special tax treatment were to be

withdrawn, amended or not renewed, this could adversely affect the Group's financial situation and results.

In order to cover potential tax risks related to the business activities transferred by the Group to Total S.A. or from the reorganization in connection with the Spin-Off of Arkema's Businesses, Total S.A. has granted a tax indemnity to Arkema S.A., the main terms of which are described in section 22.2 of this reference document.

6.2.4 MARKET RISKS

Treasury, interest rate instrument and currency instrument risks are managed under rules defined by the Group's senior management. Under these rules, whenever possible the management of liquidity, hedging positions and financial instruments is centralized by the Treasury and Financing department.

The information provided below is based on certain assumptions and expectations which, by nature, may prove not to be accurate, particularly with respect to changes in interest rates, exchange rates and the Group's exposure to the associated risks.

6.2.4.1 Liquidity risk

The Group has a variable-rate credit facility for a maximum of (i) €1.1 billion expiring 31 March 2011, (ii) €1,094 millions expiring 31 March 2012 and (iii) €1,049 millions expiring 31 March 2013, the terms of which, and particularly the early repayment clauses, are described in section 10.2 of this reference document. If the banks were to accelerate the amounts due under the terms of this facility, or if one or more banks were to breach their commitments to the Group regarding this credit facility, this would result in a material adverse effect on the Group's financial situation, and would also make it extremely difficult for the Group to obtain new financing on equivalent terms. Moreover, the possibility cannot be ruled out that the refinancing of this facility will be difficult, or that when the Group comes to refinance this facility the conditions of new financing available to the Group will not be as favorable as those available to it under the existing facility.

Given the multiple risks previously described and the liabilities that are covered by reserves or potential liabilities described in chapter 20 of this reference document, the Group's indebtedness could increase significantly. Any such increase in the Group's indebtedness would:

- ▶ increase the Group's sensitivity to a rise in interest rates;
- ▶ compel the Group to dedicate a larger portion of its operating cash flow to paying interest, thereby reducing its capacity to finance working capital requirement, capital expenditure, cost-cutting programs or potential acquisitions;
- ▶ limit the Group's capacity to distribute dividends;
- ▶ limit the Group's capacity to plan for or respond to changes affecting its business or the markets in which it operates;
- ▶ weaken the Group's competitive position vis-à-vis competitors that are proportionally less indebted or competitors whose debt carries

interest at a rate that was fixed previously on more advantageous terms than those secured by the Group;

- ▶ limit the Group's capacity to incur more debt in the future, given the undertakings contained in the loan agreements that Group companies have entered into.

The Group limits its exposure to liquidity risk through a banking policy favouring global relationship with strong investment grade commercial banks.

Additionally, the Group seeks to optimize the use of cash generated by some of its subsidiaries. When a Group company has surplus cash, the corresponding funds are first invested with Arkema France or other Group companies that need cash. The Group uses all options available to it to invest and manage available cash surpluses.

The net debt of the Group at 31 December 2008 amounted to €495 million. The available portion of the syndicated credit facility at this date amounted to €690 million. This net debt represents 1 time the consolidated EBITDA for the year ending 31 December 2008. The Group syndicated credit facility allows a ratio of consolidated net debt to consolidated EBITDA of less than 3.

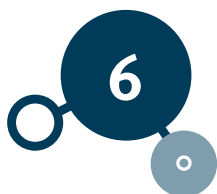
For more details, please refer to note 22.3 of the consolidated financial statements for 2008.

6.2.4.2 Currency risk

A significant part of the Group's assets, liabilities, revenues and expenses is denominated in currencies other than the euro, primarily the US dollar and, to a lesser extent, other currencies including the Japanese yen, the pound sterling, the Chinese yuan and the Canadian dollar, while its consolidated accounts are in euro. Fluctuations in these currencies, particularly the US dollar, against the euro have in the past and may in the future materially affect the Group's financial situation and its operating results. For an indication of the impact on sales of the translation effect especially of the US dollar to the euro, please refer to section 9.2.4 of this reference document.

The percentage of operating expenses incurred by the Group in the euro zone is higher than the percentage of revenues it generates in the euro zone. As a result, the Group's competitive position can be adversely affected by the weakness of some currencies, in particular the US dollar versus the euro, as its competitors can take advantage of lower production costs in weaker-currency countries.

In addition to the effect on competitive position, currency fluctuations also have a direct accounting effect on the Group's results.



RISK FACTORS

Main risks

At 31 December 2008, the Group's balance sheet exposure to trading currencies other than euro was the following:

| Group exposure to currency risk (In billions of euros) | USD | JPY | Other currencies |
|--|-------------|---------------|------------------|
| Trade accounts receivable | 0.23 | 0.04 | 0.05 |
| Trade accounts payable | (0.16) | (0.01) | (0.04) |
| Bank balances and loans/borrowings | (0.02) | 0.00 | (0.03) |
| Off-balance sheet commitments (currency hedging contracts) | 0.20 | (0.04) | (0.01) |
| NET EXPOSURE * | 0.25 | (0.01) | (0.03) |

* Net exposure includes foreign-currency amounts outstanding for Group companies that use one of the above-mentioned currencies as their reference currency as well as foreign-currency amounts outstanding for Group companies that use the euro as their reference currency.

The Group strives to minimize each entity's currency risk relative to its reference currency. Consequently, the indebtedness of Group companies is denominated in their reference currency except when a foreign-currency loan is backed by a commercial risk in the same currency.

Group companies cover their assets and liabilities in their currencies compared to their respective functional currencies; hence variations in exchanges rates produce no material change in the income statement.

Revenues and costs in foreign currencies are covered essentially by spot foreign exchange transactions and sometimes by forward transactions. The Group covers projected movements to a limited extent only, and uses comparatively simple derivatives only.

For more details, please refer to note 22.1 of the consolidated financial statements for 2008.

6.2.4.3 Interest rate risk

At 31 December 2008 the Group's net debt was €495 million which included drawing of €410 million against the variable rate €1.1 billion credit line available to the Group, details of which are given in section 10.2 of this reference document.

Based on the above, a 1% increase in interest rates would lead to an annual increase of €5 million in the cost of net debt, before taxes.

The Group's general policy with respect to indebtedness is presently to give priority to variable-rate indebtedness over fixed-rate indebtedness. Interest rate risk exposure is managed by the Group's Treasury department, and simple derivatives are used as hedging instruments.

The breakdown between indebtedness at variable rates (from DD to 1 year) and fixed rates (more than 1 year) was as follows:

| (In millions of euros) | DD to 1 year | 1 to 5 years | Over 5 years |
|-----------------------------------|--------------|--------------|--------------|
| Financial liabilities | (538) | (10) | (14) |
| Financial assets | 67 | - | - |
| Net position before hedging | (471) | - | - |
| Off balance sheet | - | - | - |
| NET POSITION AFTER HEDGING | (471) | (10) | (14) |

For more details, please refer to note 22.2 of the consolidated financial statements for 2008.

6.2.4.4 Listed shares risk

Outside treasury shares, the Group's companies do not own any shares in listed companies at the date of this reference document, and, as such, are not exposed to market risk from listed shares.

On 31 December 2008, the Company owned 39,707 ARKEMA shares. These shares are allocated for the purpose of covering Company free share allocations to employees and executive officers. In accordance with the IAS 32 standard, variations in the share price have no impact on the Group's consolidated shareholders' equity. The listed share risks is not significant for the Company.

6.2.4.5 Credit risk

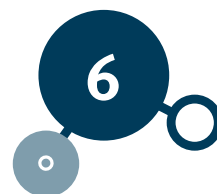
Accounts receivable and other debtors

The Group fosters relations with a large number of counterparties, most of which are its customers. On 31 December 2008, accounts receivable amounted to a total of €838 million.

The Group's exposure to credit risk is linked exclusively to the individual characteristics of its customers.

Default by one of these customers is likely to lead to a financial loss limited to the amount of the uninsured percentage of the debt owed to the Group by this customer, which would have an adverse impact on the Group's results.

However, any such risk is limited by an absence of concentration as the Group achieves less than 20% of its sales with its top 20 customers. Additionally, there is no geographic concentration of credit risk as the Group achieves significant sales in a large number of countries.



The Group strives to further minimize this risk through a general credit risk management policy which consists in assessing on a regular basis the solvency of each of its customers. Customers whose financial situation is not compatible with the Group's solvency requirements may only be supplied after they have settled payment for their purchase orders. Furthermore, the Group has renegotiated its insurance programs which, given the quality of its customer portfolio and a historically low customer default rate, allow it to cover a significant proportion of its accounts receivable. Finally, the Group has put in place specific and centralised control of customer risk not covered by its insurance programs.

Investments

Bank credit risk is linked to financial investments, derivatives, and lines of credit granted by the banks. The Group is indebted overall,

and, apart from exceptions, centralises the management of its resources and financial needs. It may however be required to invest cash in particular to fulfill local regulations, or to manage cash lags. On 31 December 2008, the amount of cash invested with banking establishments amounted to €58 million.

The Group limits its exposure to credit risk by investing only in liquid assets with strong investment grade commercial banks.

Default by one of these counterparties is likely to lead to a financial loss limited to the amount of monies invested with the defaulting counterparty, which would have an adverse impact on the Group's results.

For more details, please refer to note 22.4 of the consolidated financial statements for 2008.

6.2.5 LEGAL RISKS

In the normal course of its business activities, the Group is a party or may become a party to judicial and administrative proceedings. The most significant current and potential legal proceedings are detailed in section 6.4 of this reference document. In some of these proceedings, claims for substantial monetary damages have been or may be filed against one of the Group's entities. The provisions that the Group has booked for these cases may prove to be insufficient and this could have material adverse effects on its business, financial situation, results or future prospects.

As part of the Spin-Off of Arkema's Businesses, some Total S.A. companies have entered into contractual commitments and indemnities to cover certain environmental and tax risks as well as certain risks relating to antitrust law (see section 22.2 of this reference document). However, these commitments and indemnities do not cover all the risks or liabilities that the Group may incur, and the Group will continue to assume part of such risks. This could produce material adverse effects on its business, financial situation, results and future prospects.

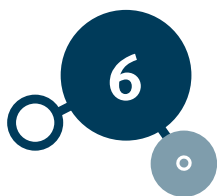
Furthermore, certain contractual commitments and indemnities, in particular the antitrust indemnities, terminate upon (i) the occurrence

of certain events, such as a change of control of Arkema S.A. or (ii) a breach by the Group of its contractual obligations. Should these events occur, this could produce material adverse effects on the Group's results, financial situation and future prospects.

In addition, the sums owed by the Group under the credit facility described in section 10.2 of this reference document could be subject to early redemption in the event of a change in control over Arkema S.A.

More generally, there can be no guarantee that new legal proceedings, whether related or unrelated to pending proceedings, would not be instituted against one of the Group's entities in the future. An unfavorable outcome to such proceedings could adversely affect the Group's business, financial situation or results.

Lastly, in the past, the Group has granted certain indemnities to third parties in connection with the sale of various businesses. The possibility that, if some of these indemnities are called, the amounts of compensation claimed would be higher than the reserves set aside by the Group to cover such claims cannot be ruled out, and this could adversely affect the Group's results and financial situation.



6.2.6 RISKS RELATING TO THE “ARKEMA” TRADEMARK

In using the name “Arkema” as a corporate name and in filing that name as trademark on a worldwide basis, the Group may encounter difficulties in Spain. Indeed two administrative opposition proceedings have been filed by a Spanish company against certain

trademarks; the possibility that the Group may in the future encounter difficulties in registering and using the name “ARKEMA” in Spain cannot be ruled out. This could adversely affect the Group’s business, financial situation and results.

6.2.7 RISKS RELATING TO INSURANCE POLICIES

The Group believes that its insurance policies are adequate as compared to the insurance program currently available on the insurance market for groups of a similar size and engaged in similar business activities.

However, the possibility that, in some cases, the Group could be required to pay substantial compensation for claims that are not covered by the existing insurance program or that it will incur very large expenses that will not be reimbursed or only partially reimbursed under its insurance policies cannot be ruled out. Indeed while the insurance market makes property insurance levels available that enable the Group to secure policies that cover the probable maximum loss, this is not necessarily the case with respect to casualty insurance, where the potential maximum claims are higher than what the insurance market can offer on terms acceptable for the Group.

Furthermore, although the Group selects its insurers from the best and most financially sound companies when subscribing its policies,

the possibility, especially given the current financial crisis, that one or more of these insurers, at the time of settling a claim, could be in a difficult, even compromised, financial situation casting doubt over the effective payment of compensation for the said claim cannot be ruled out.

Furthermore, changes in the insurance market could lead to unfavorable changes to the Group’s insurance policies (in particular, an increase in deductibles) and to an increase in premiums for such policies. This could adversely affect the Group’s business, financial situation, or results.

Insurers providing insurance cover as part of the Group’s insurance program may (under certain conditions deemed customary for this type of insurance contracts) prematurely terminate the Group’s insurance policies in the event of a major claim. In such an event, the Group will nevertheless remain covered throughout the notice period, which may vary from policy to policy.

6.3 Insurance

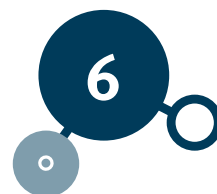
The Group’s policy is to insure risks relating to the production, transport and marketing of its products. In order to optimize its policy of covering all the companies in the Group, the Group uses international insurance brokers. In general terms, the Group’s insurance policies contain limits of cover which are applicable either per claim, or per claim and per year. These limits vary according to the risks covered, such as civil liability, property damage (including business interruption) or carriage of goods. In most cases, coverage is limited both by a certain number of exclusions usual for these kinds of contracts and by deductibles of a reasonable amount taking into account the size of the Group.

The Group believes that the limits of cover take into account the type of risks incurred by the Group and are adequate as compared to existing limits of cover available on the market for companies of similar size and engaged in similar business activities.

In the 2008 financial year, the total amount of premiums paid by the Group and relating to the Group’s insurance policies presented hereafter, was less than 1% of its sales.

The Group will retain a certain level of risks either through deductibles on its insurance policies or centrally through a captive reinsurance company. This captive reinsurance company is active only in property insurance and has a maximum retention of €7.5 million per claim and €12.5 million per year in total. The purpose of this captive company is to optimize the cost of external insurance.

A general description of the insurance policies taken out by the Group can be found below. Details have not been provided, to comply with confidentiality requirements and to protect the Group’s competitiveness.



6.3.1 LIABILITY

The Group has contracted liability insurance policies with leading insurance companies. The liability insurance policies (subject to applicable exclusions) cover the Group throughout the world against the financial consequences of liability claims in the context

of its business activities and in respect of physical, material or pure economic damages or losses caused to third parties. This program provides cover of up to approximately €700 million. Deductibles vary, particularly as a function of the location of subsidiaries.

6.3.2 PROPERTY DAMAGE

The various sites of the Group are insured by leading insurance companies against material damage and business interruption which could result therefrom. This cover is intended to avoid any significant financial impairment and to ensure the resumption of operations in the event of losses. However, certain property and certain types of damage, which vary according to the country in which the loss occurs, could be excluded from the scope of this insurance policy.

The cover includes a “direct damage” element and a “business interruption” element (including sub-limits for machine breakdowns, natural disasters or terrorism) with the period of indemnification for the latter extending to a minimum of 24 months. Deductibles accepted vary according to the size of the subsidiary concerned.

The limit of cover for direct damage and business interruption can amount to €780 million, as a result of the combination of several policies.

6.3.3 CARGO

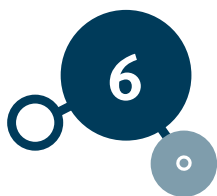
The Group is insured against the risk of damage to its assets, equipment, finished or semi-finished products and raw materials during transportation or storage by third parties up to a limit of €10 million per shipment. This limit is higher than the value of the

largest shipments usually made or received by the Group. The policy includes a deductible and several exclusions usual for this kind of agreement.

6.3.4 ENVIRONMENTAL RISKS

In the case of sites located in the United States, the Group has taken out an environmental insurance policy with a leading insurance company. Under certain conditions, this policy covers the environmental risks associated with the Group’s production sites located in the United States. It covers all future accidents affecting the environment, whether inside or outside the facilities, but it does not cover cases of pollution which are already known and which are caused by past operations.

For Europe and the rest of the world, the Group has taken out an insurance policy covering its liabilities for pollution outside its sites. Cases of pollution which are already known and which relate to past operations are not covered.



6.4 Litigation

Legal risks are subject to a quarterly review by the Group.

On the first day of the last month of each quarter, each BU, functional division and subsidiary has to inform in writing the Accounting/Controlling division and the Legal division of the Group of any legal risk or legal proceedings affecting or likely to affect the Group's operations. Representatives of the Accounting/Controlling division and of the Legal division meet to analyze such risks and legal proceedings and to determine, in conjunction with the BUs, the functional divisions and the subsidiaries, the amount of the provisions relating to such risks and legal proceedings based on the

rules described in the "accounting principles and methods" chapter of the financial statements. A review of legal risks and other risks that the Group could face is also carried out by the Risk Review Committee (please refer to section 15.7.1.3 of this reference document).

The Group is a party or may become a party to legal proceedings, as a result of which it may be found liable on various grounds, in particular, for violating competition laws relating to cartel behavior, full or partial non performance of contractual obligations, breaking off established commercial relationships, pollution, or product compliance failures.

6.4.1 CLAIMS RELATING TO ANTITRUST LAWS

The Group is involved in a number of proceedings in the United States, Canada and Europe alleging violations of antitrust laws relating to cartel behavior.

To cover the risks associated with proceedings in the United States and in Europe, which arose prior to completion of the Spin-Off of Arkema's Businesses, Total S.A. and one of its subsidiaries have granted indemnities for the benefit of Arkema S.A. and Arkema Amériques SAS (formerly Arkema Finance France), the main terms of which are described in section 22.2 of this reference document.

The financial risk associated with all proceedings described below is not easily quantifiable.

Based on its analysis of the cases, and taking into account the indemnities granted by Total S.A. and described in section 22.2 of this reference document, the Group has booked provisions in respect of these proceedings of €31 million (at 31 December 2008), of which €24.2 million have been deposited with the European Commission. Arkema France has filed appeals with the European Court of First Instance in respect of all these procedures.

Proceedings carried out by the European Commission

Arkema France currently remains a party to several proceedings being carried out by the European Commission alleging violations of the rules of EU competition law restricting anticompetitive agreements.

These cases are at different stages.

Following decisions taken by the European Commission in 2005 and 2006, Arkema France was sentenced, in part jointly and severally with Total S.A. and Elf Aquitaine, to pay the following fines:

- ▶ "mono-chloroacetic acid" case: €58.5 million;
- ▶ "hydrogen peroxide" case: €78.7 million; and
- ▶ "methacrylates" case: €219.1 million.

In 2008, as part of the "sodium chlorate" proceedings, the European Commission fined Arkema France and its former parent company Elf Aquitaine €59 million in total for anticompetitive practices.

Appeals have been filed with the European Court of First Instance against these decisions. The corresponding cases are still ongoing at the date of this reference document.

As regards the "heat stabilizers" case for which investigations began in February 2003, the European Commission's sent on 18 March 2009 to Arkema France, Ceca and Elf Aquitaine the statement of objections in relation with alleged violations of European antitrust laws. A decision from the European Commission is expected at the end of the year 2009.

Regarding the "impact modifiers", "solvents" and "plasticizers and alcohols" investigations launched in February and March 2003, the European Commission made known in 2007 its decision not to pursue the investigation it launched in 2003.

Based on an empirical analysis of similar decisions adopted by the European Commission, the Group believes that the combined amount of fines that may be assessed against it is very high. The Group believes that the provisions it has booked against such eventualities are sufficient, but it cannot rule out the possibility that total fines might exceed the level of provision made.

In addition to the proceedings carried out by the European Commission, it cannot be ruled out that civil suits for damages are filed by third parties claiming to be victims of the violations in relation to which fines have been imposed by the European Commission.

On 17 March 2009, ARKEMA was notified that some customers of hydrogen peroxide assigned their rights to a consortium set up with the aim of instituting civil action against the companies sentenced by the European Commission for their alleged participation in hydrogen peroxide cartel.

Basell Polyolefins started proceedings in Germany in late 2006, claiming alleged damages of €0.6 million. The case was settled amicably between Arkema France and Basell at the end of 2008.

Proceedings in the United States and Canada

In the United States, Arkema Inc. has received subpoenas from the United States Department of Justice (the DOJ) in connection with the DOJ's investigation into alleged violations of United States antitrust laws in the hydrogen peroxide sector. In Canada, preliminary contacts with the Canadian competition authorities, which took place in the area of monochloroacetic acid (MCAA) in 2001, do not appear to have resulted in any further official investigations.

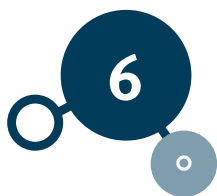
Arkema France and/or Arkema Inc. have also been named in civil suits claiming alleged violations of United States antitrust laws in the following sectors: plastic additives, hydrogen peroxide, methyl methacrylate (MMA) and polymethyl methacrylate (PMMA). Only civil suits relating to hydrogen peroxide are still underway in Canada after dismissal of actions relating to MMA and PMMA.

a. DOJ investigations

- Arkema Inc. has responded to the DOJ subpoenas relating to the hydrogen peroxide sector by producing documents responsive to the subpoena. By a letter dated 23 December 2008, the DOJ officially closed the criminal investigation in the hydrogen peroxide sector.
- Furthermore, the criminal investigations initiated by both the U.S. and Canadian competition authorities in the plastics additives sector were closed by these authorities during 2006; and the criminal investigation initiated by the DOJ in the PMMA sector was closed on November 2007.

b. Civil actions

- Direct purchasers of products allegedly marketed by Arkema France and/or Arkema Inc. have commenced putative class actions against Arkema France and/or Arkema Inc. seeking damages for alleged violations of US competition law in the plastics additives, hydrogen peroxide, MMA and PMMA sectors. These putative class actions are pending in federal court in the United States. Trial courts have certified classes of direct purchasers in the hydrogen peroxide matter and in the plastics additives matter. Upon appeal of the propriety of the class certifications in each of those matters, the Court of Appeals vacated the district court's class certification order in these two cases.
- A direct purchaser of plastics additives and several direct purchasers of hydrogen peroxide have also brought individual actions against Arkema Inc. and Arkema France, alleging violation of federal US antitrust laws. The plastics additives direct purchaser case has been settled by Arkema Inc. and Arkema France. The direct purchaser cases involving hydrogen peroxide were filed in federal court in the United States. One direct purchaser action regarding hydrogen peroxide has been voluntarily dismissed, another direct purchaser plaintiff has requested permission from the court to rejoin the class case, and one direct purchaser action regarding hydrogen peroxide was filed in November 2008.
- Indirect purchasers of hydrogen peroxide, and of plastics additives, respectively, have brought putative class actions against Arkema Inc. alleging violation of state competition laws. Indirect purchasers of MMA and PMMA have filed putative class actions against both Arkema Inc. and Arkema France, also alleging violations of state competition laws. These cases are also pending in federal court in the United States. The putative class action by indirect purchasers of plastics additives remains stayed pending the consequences of appeal's court decision to vacate the trial court's class certification decision in the plastics additives direct purchasers class action. The putative class action by indirect purchasers of hydrogen peroxide remains stayed pending the consequences of appeal's court decision to vacate the trial court's class certification decision in the hydrogen peroxide direct purchaser class action case. As at the date of this reference document, no class of indirect purchasers has been certified in the hydrogen peroxide, plastics additives or the MMA/PMMA matters.



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- ▶ In Canada, a number of civil actions alleging violations of Canadian competition laws concerning hydrogen peroxide products were filed in Québec, Ontario and British Columbia in 2005 and 2006. As at the date of this reference document, no class has been certified by the courts. A number of civil actions concerning MMA and PMMA were filed in Québec and in Ontario in 2006; one Ontario action has been voluntarily discontinued and the plaintiffs' counsel in the Quebec action has obtained voluntary dismissal in the remaining action in the second half of 2008.

Arkema France is currently involved in various investigations being carried out by the European Commission concerning several other products. At the present time, the Group is not aware of any DOJ investigation other than that described above, nor is it the subject

of any civil claim in the United States in relation to products other than plastics additives, hydrogen peroxide, MMA and PMMA. It is, however, possible that certain matters addressed in a statement of objections on the part of the European Commission could also be the subject of proceedings in the United States in the future.

It is difficult to quantify the possible exposure with respect to the pending civil cases. Consequently, it is difficult to assess with certainty the quantum of the risk to which the Group could be exposed as a result of the pending civil cases in the United States and Canada. Nonetheless, in light of prior settlements of civil and criminal matters involving alleged international cartels, the Group considers the potential risk as a result of these proceedings to be significant.

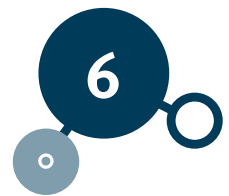
6.4.2 OTHER LITIGATION

6.4.2.1 Arkema France

- ▶ In 1995, the company Gasco brought a claim for damages against Elf Atochem (the former name of Arkema France) before the court in Ghent (Belgium) in respect of an alleged breach of contract and breach of an exclusivity agreement. At first instance, Gasco obtained a judgment against Atofina for payment of €248,000 by way of damages for breach of contract (payment of that sum has been made), but its claim for breach of the exclusivity agreement was dismissed. Appeal proceedings are pending before the Ghent Court of Appeal. Gasco is asking for the judgment to be reversed insofar as it dismissed the claim for breach of the exclusivity agreement. As a result, it has put forward a claim for €24 million which the Group considers to be without foundation and which it is challenging both in principle and in its amount. Having regard to the weak basis of the allegations made against it and the defenses available to the Group, the Group's view as at the date of this reference document and as the matter currently stands, is that the amount of the provision made for this matter in the accounts is sufficient.
- ▶ Arkema France supplies various products for the coating of items used in a number of European countries in the manufacture of sanitary treatment facilities. These products are subject to inspection on the part of approved laboratories which must certify their conformity with the applicable sanitary regulations. Arkema France has a divergence of interpretation of the regulations applicable in France with a French laboratory and with the authorities as regards regulatory clearance in France of a product even though it is approved in other European Union countries. The Group takes the view that this problem is essentially administrative in nature. However, the possibility that users might seek to attach liability to Arkema France as the supplier cannot

be ruled out. In the event that such claims were successful, the costs of replacement of the products and the damages that could be claimed could prove to be extremely high.

- ▶ In 2008, former employees of Arkema France, together with a trade union, initiated court proceedings regarding the basis of pension payments. The company is challenging the merits of the case, and the proceedings are ongoing.
- ▶ Under the terms of a service agreement, Arkema France has contracted the company Total E&P France to treat the effluents from its industrial activities at Lacq and Mourenx, with Total E&P France benefiting from a specific authorization to inject these effluents and those produced by its own operations into a cavity called Crétacé 4000. The French customs authorities have presented Total with a €6.7 million collection order, for the tax years 2003 to 2006, for non-payment of the TGAP tax (general tax on polluting activities) which the authorities claim is applicable to these injections of effluents. Following the dismissal by the authorities of the appeal lodged by Total at the end of 2008, Total brought proceedings against the customs authorities before the regional court (*Tribunal d'instance*) at the beginning of 2009 for annulment of the recovery of the tax on the principal grounds that these injections fall outside the remit of the regulations for classified facilities and are thus exempt from TGAP. However, the possibility cannot be entirely ruled out that on completion of the proceedings Total could be found liable to pay this TGAP in whole or in part, a proportion of which could be ARKEMA's responsibility.
- ▶ In 2005, 260 employees and former employees of Pierre-Bénite site brought a claim for damages before the Lyon industrial tribunals (*Conseils de prud'hommes*) for alleged breach of the provisions of the collective chemical industry agreement. The provisions of this agreement give workers, technicians and supervisors working



continuous or semi-continuous shifts of more than six hours, a thirty-minute break during which they need not do any work. The claimants' view is that the management of this establishment organized and arranged the break in such a way that employees were not completely free of any work so as to be able to deal with personal matters. They claim that they suffered loss-justifying compensation as a result. The amount of the claim is €5.2 million. Arkema France is contesting the claim. The case has been referred to an arbitrator in light of the tied ruling handed down by the Lyon industrial tribunal (*Conseil de prud' hommes*) on 19 January 2007. A hearing took place on 27 March 2009. On 24 June 2008 the arbitrator totally dismissed the claim. Employees have appealed this decision. Provision has been made for this dispute in an amount that the Group considers sufficient.

- Certain claims relating to asbestos are discussed in detail in sections 6.4.2.4 and 8.2.3.2 of this reference document.

6.4.2.2 CECA

In 1999, the company Intradis commissioned the company Antéa to carry out a survey on a site situated in France which had been used for industrial purposes and in particular by CECA (manufacture of sulfuric acid) and the company Hydro Agri (a fertilizer factory which does not belong to the Group). The survey noted pollution of the soil and water on the site, as well as the existence of pyrites in the open air, and classified the site as category 1 (a site requiring in-depth investigations and a detailed risk assessment). Following this survey, the prefect issued an order prescribing the company Intradis, as the site's owner, to take measures to protect the site by prohibiting access thereto. Intradis then made an application to have an expert urgently appointed to determine the nature and extent of the pollution affecting the site and to be able to establish the liability of CECA and Hydro Agri, the owners and operators of the site before its acquisition by Intradis. Following the expert's report, Intradis referred the case to the Administrative Court (*Tribunal administratif*) requesting the repeal of the prefect's order prescribing measures to protect the site. Intradis' claim was rejected in the first instance by the Administrative Court of Amiens (*Tribunal administratif d'Amiens*) on 6 July 2006. Intradis has appealed this decision before the Administrative Court of Appeal of Douai (*cour administrative d'appel de Douai*). In an order issued on 18 October 2007, the tribunal reversed the ruling, revoked the prefect's order, and decided that there were no grounds for ruling on Intradis' conclusions calling CECA into question.

In the absence of a quantified claim, no provision has been made for this dispute in the accounts of the Group as at the date of this reference document. There were no further significant developments in this case in 2008. The ruling by the Administrative Court of Appeal of Douai concludes the proceedings brought by Intradis before the administrative court. As of today the Group cannot prejudge the possibility of other actions being brought or otherwise, including civil actions.

The past environmental engineering activities of CECA have given rise to various claims by third parties. These claims have been transmitted to the Group's insurers. The Group has made provisions in this matter that it considers sufficient. The possibility cannot be

ruled out that this activity, which has now ceased, may give rise to further claims in the future.

6.4.2.3 Alphacan

On 26 June 2000, Alphacan sold an industrial site at Roncq (France) to the company Novoplastic Nord. A classified installation is built on this site. Companies in the Christian Blanc group (Financière Christian Blanc, Novoplastic S.A. and Novoplastic Nord), all of which are the subject of bankruptcy proceedings (reorganization or compulsory liquidation), have commenced proceedings against Alphacan on the grounds that, at the time of the sale of the site at Roncq, it failed to disclose the existence of an order made by the prefect requiring the erection of a fence around the site and the construction of a water retention reservoir to retain runoff for use in the event of fire.

Those companies made the following claims for the relief/damages in the Versailles commercial Court (*Tribunal de commerce de Versailles*):

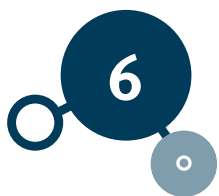
- reduction of the purchase price of the site at Roncq by an amount to be determined in an expert's report;
- payment of the cost of construction of the retention reservoir;
- payment of the liabilities of the company Novoplastic Nord, in compulsory liquidation;
- payment for the loss of value of the shareholding of Financière Christian Blanc in the company Novoplastic: in this respect an application is made for a provisional payment of €500,000 and the appointment of an expert; and
- payment of Novoplastic S.A.'s loss of claim against the company Novoplastic Nord and miscellaneous damage (commercial – moral). In this respect an application is made for a provisional payment of €500,000 and the appointment of an expert.

Overall, these claims, which are contested by Alphacan, amount to €5.8 million. An order was made by the Versailles commercial court (*Tribunal de commerce de Versailles*) for the preparation of an expert's report. The expert presented his report on 18 December 2007, and the proceedings resumed at the beginning of 2008 before the Versailles commercial court. A hearing took place on 25 March 2009. After this hearing, the court decided to adjourn the case to a later procedural hearing, the file not being ready for a judgment on the merits.

On the basis of all this information, the Group considers that, as the matter stands, the amount of the provision provided in the accounts as at the date of this reference document is sufficient.

6.4.2.4 Arkema Inc.

- Norit Americas, Inc. (Norit) acquired an activated carbon production unit from Arkema Inc., located in Pryor (Oklahoma, United States). Initially, Norit made a claim against Arkema Inc. for an indemnity, alleging breach by Arkema Inc. of the provisions of the Clean Air Act on that site. Norit was served with a violation notice by the Oklahoma Department of Environmental Quality, relating to



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emissions of particles of sulphur dioxide, particulate matter and nitrogen oxide. Norit has now settled that matter with ODEQ. Norit has sought indemnification from Arkema for injunctive relief required, and for fines which ODEQ imposed in these proceedings. The parties have entered into a standstill agreement which has been extended until end of March 2009, at the expiration of which they should continue to proceed with their respective claims. Arkema Inc.'s claim is for the payment of the balance of the price of the production unit yet to be paid by Norit, and Norit's claims are for indemnities in respect of environmental matters. Provisions have been made in the Group's accounts for this litigation, in amounts which the Group considers to be sufficient.

- ▶ The past production activities on the site at Calvert City (Kentucky, United States) have caused pollution of the soil and groundwater and of the Tennessee River. Analyses and decontamination work on the site have been ongoing for a certain number of years and will continue in the future. Arkema Inc. continues to evaluate the impacts on the site and to negotiate reasonable decontamination obligations with the government authorities. A provision has been booked that the Group considers to be sufficient in the light of the information available to it.
- ▶ In the United States, the Group is currently involved in a substantial number of proceedings in various courts. These proceedings concern claims by third parties relating to (i) alleged exposure to asbestos on the Group's sites, or (ii) exposure to products containing asbestos and sold by former subsidiaries of the Group in the United States and elsewhere. When they are not covered by insurance policies, provisions have been made for these proceedings in an amount which the Group considers sufficient.

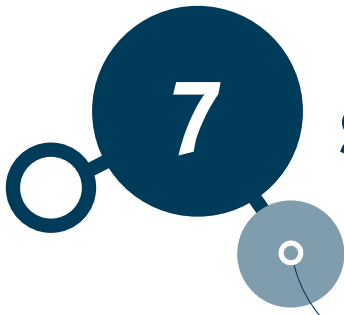
However, due to the continuing uncertainties as to the outcome of these proceedings, the Group is not, as at the date of this reference document, in a position having regard to the information available to it, to estimate the total amount of the claims that might finally be upheld against it by the various competent courts after the exhaustion of any avenues of appeal.

- ▶ The American tax authorities had been conducting both a civil and a criminal audit of certain affiliates of Total S.A., including Arkema Inc., with respect to the non-issuance of W-2S to certain "inpatriated" foreign employees and the non-declaration of certain compensation related to stock option or share purchase plans. In May 2007, the tax authority closed the criminal investigation. Since the closing of the criminal investigation,

Arkema Inc. received a request for additional information in the civil investigation. Arkema Inc. has been cooperating with the tax authority to conclude the civil investigation. In December 2008, Arkema Inc. settled this matter with the tax authority in an amount that the Group believes to be immaterial.

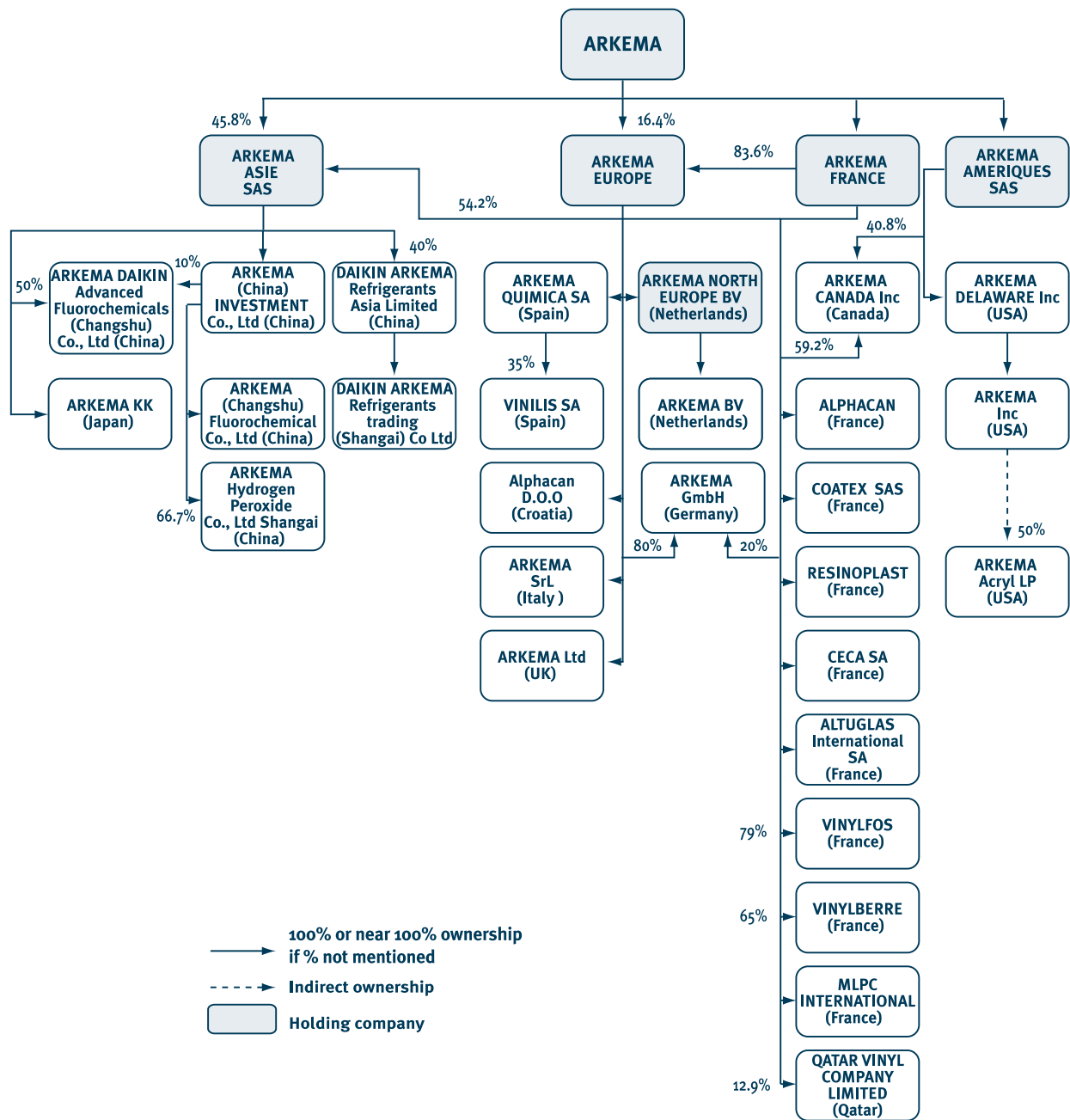
- ▶ Arkema Inc. is being sued in Texas state court by the family of an employee of a transportation company who died during the delivery of an odorized product in May 2004. Arkema Inc. has reached a settlement with the family members, which settlement has been finalized and approved by the court.
- ▶ Arkema Inc. has been served with a Corrective Action Order issued by the US Environmental Protection Agency in relation to the site of the factory at Riverview (which includes the site at West Brine Field) and the former site at Wyandotte (United States), both of them being formerly owned by Arkema Inc. The order requires a Remedial Facility Investigation, a survey of corrective measures and the implementation of those measures on the said sites. Analysis of the remediation options has been ongoing for several years. Recently, Arkema Inc. has received an additional order which relates more specifically to an analysis of sediments in the Trenton canal of the Detroit River alongside the Wyandotte site. Depending on the results of this analysis, the costs involved in certain contaminations of the Wyandotte site will be divided between Arkema Inc. and other local industries which might potentially be implicated in any pollution of the sediments. As matters stand, it is difficult to determine what will be required from Arkema Inc. in relation to contaminated sediments in the Trenton canal and to estimate the associated costs. The costs associated with the closed site at Wyandotte and the impact on the Detroit River coming from the Wyandotte site have been assumed by the company Legacy Sites Services LLC, a subsidiary of Total S.A., under the environmental indemnity agreement described in section 22.2 of this reference document. The costs associated with the Riverview site, including any related impacts on the Detroit River, which are the subject of a provision in the Group's accounts, remain payable by ARKEMA.

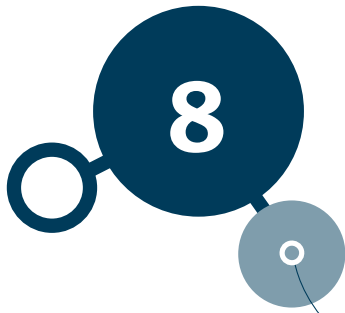
To the best of the Company's knowledge and with the exception of the issues mentioned in this reference document there is no governmental, legal or arbitration proceeding of which the Company or the Group are aware that is pending or with which the Company or the Group are threatened, that is likely to have or has had in the course of the last twelve months a material effect on the financial situation or results of the Company or the Group.



Simplified legal organization chart

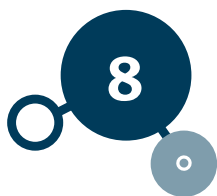
The following organization chart features the main direct and indirect subsidiaries of Arkema S.A. at the date of this reference document.





Property, plant and equipment

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8.1 Property, plant and equipment

8.1.1 SUBSTANTIAL EXISTING OR PLANNED TANGIBLE ASSETS, INCLUDING LEASED REAL PROPERTIES

The Group's policy is to own the industrial facilities that it uses. By way of exception, it sometimes rents offices and warehouses. The leases are signed with third party lessors.

The net book value of the Group's tangible fixed assets at 31 December 2008 was €1.638 billion. It includes transportation equipment and pipelines owned by the Group.

8.1.2 DESCRIPTION OF ENVIRONMENTAL ISSUES WHICH COULD AFFECT THE USE MADE BY THE GROUP OF ITS TANGIBLE ASSETS

Environmental information is given primarily in sections 6.2.2.1, 6.2.2.2, 6.3.4 and 8.2 of this reference document. For a description of environmental issues which could affect the use made by the Group

of its tangible assets, reference should be made to the sections referred to above.

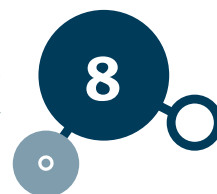
8.2 Environment and industrial safety

The Group's business activities are subject to a body of regulations and international and local laws that are constantly changing in the areas of environmental protection and health and safety. These regulations impose increasingly strict obligations, particularly concerning industrial safety, emissions and discharges of toxic or hazardous substances (including waste) into the air, water, or ground, utilization, labeling, traceability, handling, transport, storage, and the elimination of toxic or hazardous substances, exposure to the latter, as well as the restoration of industrial sites and the remediation of soil and groundwater.

For over twenty years, the Health, Safety and Environment policy (HSE) of the Group's companies has been continuously strengthened in order to incorporate the applicable regulations as well as the Group's own requirements. The Group has formally expressed its fundamental requirements in the Health, Safety, Environmental Protection and Quality Charter and in a global reference source, the HSE manual, which form the basis for HSE management in all Group entities.

The Group's HSE policy is also an integral part of its approach to sustainable development, which is based on the firm belief that its long-term growth partly depends on the way it assumes its responsibilities in the areas of social relations, safety and the environment.

Accordingly, the Group is a subscriber to the Responsible Care® initiative, a voluntary commitment by the world's chemical industries to improve safety as well as the protection of health and the environment, which is defined by the International Council of Chemical Associations (ICCA) at world level, by the European Chemical Industry Council (CEFIC) at European level, and taken up by the majority of national federations, in particular by the *Union des industries chimiques* (UIC) in France. In 2006 the ICCA launched the Responsible Care® Global Charter, to enhance the provisions of Responsible Care®, by strengthening sustainable development, product stewardship, and third-party audit of procedures. On 16 November 2006 the Company signed a declaration of support for the Responsible Care® Global Charter.



8.2.1 INDUSTRIAL SAFETY

The Group's industrial safety policies are grouped together under the title "Safety in Action" and aim to foster a culture of safety. This

policy is implemented worldwide and over the years has produced a steady improvement in industrial safety performance.

The table below shows the occupational accident frequency rate in number of accidents per million man-hours for 2006, 2007 and 2008.

| | 2006 | 2007 | 2008 |
|----------------------------|------|------|------|
| Lost-time accidents * | 3.6 | 2.4 | 2.7 |
| Total recordable accidents | 8.4 | 7.1 | 5.9 |

* "Lost-time accident" refers to any event causing bodily injury or psychological shock to an employee in the course of his/her duties and resulting in time off work.

8.2.1.1 Safety management approach

All the Group's installations and activities, wherever they may be in the world, are the subject of a joint safety management process adapted to the risks they are likely to produce.

This process, embodied in the Group's Safety, Health, Environment and Quality Charter, is structured around the following 3 priorities:

- taking action on technical matters, for example in the design or improvement of production plants (process safety, ergonomics), and in the specification of transport equipment for hazardous material;
- taking action regarding the organisation, by ensuring that each entity's management system complies with the Group's safety requirements, which are in fact proportionate to each site's risk rating;
- taking action on a human level, by developing a safety culture ensuring that everyone is aware of their personal responsibility and of the importance of their behaviour.

8.2.1.2 Controlling industrial risks

The assessment of risks on the Group's industrial sites is carried out through systematic studies of (i) the manufacturing processes, (ii) operating conditions on the existing sites, (iii) transport operations (particularly those involving hazardous products), (iv) the design and construction of new installations, (v) changes to existing installations, and (vi) health and safety at work. The Group lends much importance to safety and environmental training being based on this risk analysis.

The identification of these risks, their ranking through a qualitative and quantitative approach based on simulation models and a network of experts, preventive measures designed to reduce the effects of these risks and the likelihood of them occurring, are all covered by the technical and organizational resources put in place for

the Group's industrial sites, as well as for the transport of hazardous substances.

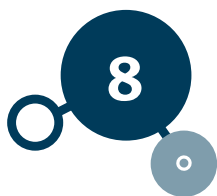
The Group pays careful attention to the analysis of risks connected with its business activities, particularly in the case of Seveso-category sites (or their equivalent) for which the Group demands that the level of safety requirements increases in line with the identification of potential risks. Similarly, the Group lends much importance to feedback (both within and outside the Group) regarding in particular the level of incidents and accidents as well as good practice in industrial risk management.

At the time of the design of a new production unit or when a significant extension to an existing production unit is made, the best options for improving industrial safety are sought. In addition, the Group regularly makes improvements to its existing production units. Thus the Group's investments allocated to safety and environment and to maintaining the plants up to standard totaled €161 million in 2008.

Production sites

In Europe, at the date of this reference document, 37 of the Group's production sites are monitored with extra vigilance, and are subject to European directive (EC) n° 96/82, dated 9 December 1996, that deals with the control of major accidents hazards involving hazardous substances, and called the "Seveso II directive". This directive requires, in particular, the introduction of safety management systems and the regular updating of risk assessment surveys, whose conclusions can lead to additional risk-prevention requirements for the companies operating the sites.

Recently, law n° 2003-699 of 30 July 2003 and its implementing decrees have strengthened the obligations imposed in France on companies operating Seveso sites, by laying down the principle that the government draws up and implements "plans for the prevention of technological risks" (PPTRs), the aim of which is to control urban development around risky sites and limit the effects of accidents that could occur there. 19 sites operated by the Group in France should be the subject of PPTRs before 31 July 2010. The Group will be required



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to contribute to the funding of any related measures, which will be put in place by 2015.

Furthermore, ministerial decree of 29 September 2005 concerning the evaluation and consideration of the probability of occurrence, the kinetics, the intensity of the effects, and the severity of the consequences of potential accidents in hazard studies for classified facilities subject to authorization, will also entail by 2015 the introduction of additional risk control measures at the 19 sites mentioned above for which a PPTR is required.

In the United States, the control of risks of industrial accidents is regulated, in particular, within the framework of the Clean Water Act and the Emergency Planning and Community-Right-to-Know Act. The latter, in particular, requires companies to inform the government authorities when hazardous products, above a certain quantity, are being handled or stored, and requires companies storing such products to have emergency plans and procedures in place. Other regulations at federal, state or local levels govern certain specific aspects of the storage of chemical products, the safety of workers when handling stored products, and the storage of highly hazardous products.

Storage sites and warehouses

The Group uses many storage areas and warehouses located on its manufacturing sites and elsewhere. Most of the external storage and warehousing centers are located near its customers' facilities or in ports, in order to facilitate maritime exports and imports, or for purposes of special packaging or processing operations.

In the case of storage and warehousing facilities, when choosing its external service suppliers, the Group takes into account their safety records.

Risks relating to these storage sites and warehouses are described in section 6.2.2.5 of this reference document.

The transport of hazardous product

Because of the localization of its production sites and the location of its customers, the Group conducts, or contracts out to third parties, a major business of transporting products or goods that are classified as hazardous. This activity is governed by international agreements and European regulations, as well as local legislative or regulatory requirements.

In transport, when choosing its carriers, the Group takes into account their safety records. The Group's companies, notably in France and the United States, have put in place prior assessment and selection procedures for their road hauliers, which are also used for rail freight companies.

The risks relating to the transport of hazardous product are described in section 6.2.2.4 of this reference document.

Pipelines

The Group owns and operates a small number of pipelines in France (six in all) for which specific regulatory implementation procedures have been defined, notably for the supervision of work on these pipelines, the management of nearby works, and emergency plans and drills with the emergency services. Additionally, safety studies are carried out and updated on a regular basis.

8.2.1.3 Preparation for and management of emergency situations

Several years ago, the Group set up a round-the-clock response program, as well as a crisis center that can move into action in the event of a major accident.

Additionally, crisis response drills are carried out regularly on different topics (product, transport, etc.) in order to train the teams on a regular basis.

Identifying emergency situations that can reasonably be envisaged has enabled the Group to put in place a risk management organization. The main aim of this is to identify and minimize the consequences of an accident and to supply appropriate information to deal with situations that the employees of the Group entity concerned, the emergency services, and the neighboring population may face.

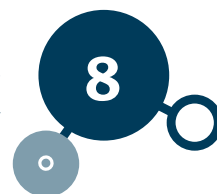
Emergency plans based on risk analysis are drawn up at different levels of the Group's organization (industrial sites, transport and countries). They define the role of each entity within the Group, depending on the level of crisis that may be encountered and the coordination required to ensure that the crisis is successfully managed.

They are updated periodically and are the subject of regular educational and training sessions.

These emergency plans and drills to simulate emergency situations also include measures to manage the risks of transporting hazardous materials and substances.

In addition, most of the Group's industrial sites subscribe to a system of mutual assistance (Transaid in France, ICE in Europe, and Chemtrec in the United States) that has been voluntarily set up by companies in the chemical industry.

Furthermore, internal audits are regularly carried out to verify that equipment (loading and unloading stations, etc.) complies with international or national regulations and with the Group's own internal requirements.



8.2.2 ENVIRONMENTAL PROTECTION

The Group has voluntarily launched a number of programs to reduce its atmospheric emissions, production of waste, discharge of wastewater, and energy consumption. To meet its regulatory obligations and environmental responsibilities, the Group has implemented an environmental management system and participates in the Responsible Care® program. The Group's environmental policy as a whole is implemented across the world, by every Group subsidiary and in every country in which the Group operates.

8.2.2.1 Reducing environmental impact

For the Group's manufacturing sites, the reduction of environmental impact consists in particular in minimizing the use of raw materials, energy, and natural resources such as water: discharges into the natural environment and other waste production are thus also reduced. The Group also pays particular attention to local environmental pollution such as noise and odors. The Group also strives to reduce water consumption, energy resources, and raw materials. From the moment of their design, new manufacturing units incorporate environmental protection in the choice of processes and equipment. The Group also carries out regular improvements to its production facilities, such as the modification of processes to reduce waste volumes or the installation of waste treatment units.

A number of regulations place strict limits on emissions from the Group's manufacturing facilities, notably in the areas of atmospheric emissions, water extraction, and wastewater discharge.

For example, under European directive (EC) n° 96/61 of 24 September 1996, called the IPPC Directive (Integrated Pollution Prevention

and Control), the industrial sites to which it applies are subject to operating authorizations that provide for limited amounts of emissions, established on the basis of the best available techniques (BATs). Similarly the United States Clean Air Act (CAA) sets federal standards relating to air pollution from fixed and mobile sources, and establishes national emission standards for 200 hazardous substances, based in particular on Maximum Achievable Control Technology (MACT).

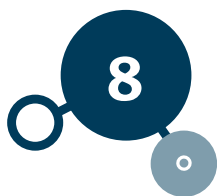
European directive (EC) n° 2003/87 established a greenhouse gas trading system within the European Union. Under this scheme the Group was allocated annual allowances of 779 kT for 2008 to 2012, readjusted to 731 kT in June 2007 to take into account the Mont and Villers Saint-Paul plants being withdrawn from the scope of the National Allocation Plan. The Group does not expect that it will need to make significant purchases of additional CO₂ allowances.

For several years now, one of the Group's priorities has been to reduce emissions of greenhouse gases (GHGs). As a significant user of energy, the Group is directly concerned by carbon dioxide emissions, and monitors the permanent improvement of the energy efficiency of its plants. The Group has also undertaken to reduce its emissions of fluorocarbon compounds, a group of GHGs mainly used in refrigeration and insulating foam. The Group has also put in place at its Changshu site in China a project consisting in incinerating the HFC 23 byproduct from HCFC 22 manufacture. The project falls in line with the Group's ongoing sustainable development commitment, and should allow a reduction of over 60% in its GHG emissions.

Environmental indicators

The tables hereafter show the levels of emissions and volumes of hazardous and non-hazardous discharges produced by the Group's businesses in 2006, 2007 and 2008.

| Emissions to air | 2006 | 2007 | 2008 |
|--|-------|-------|-------|
| Volatile organic compounds (VOCs) (tonnes) | 6,890 | 6,269 | 5,426 |
| All substances contributing to acidification (t eq SO ₂) | 8,330 | 7,269 | 6,516 |
| Greenhouse gases (kt eq CO ₂) | 9,580 | 9,392 | 4,505 |
| including CO ₂ | 1,796 | 1,611 | 1,596 |
| including HFC | 7,729 | 7,726 | 2,850 |
| Dust (tonnes) | 474 | 513 | 600 |
| Carbon monoxide (CO) (tonnes) | 9,230 | 9,277 | 7,381 |



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| Energy and water consumptions | 2006 | 2007 | 2008 |
|--|-------|-------|-------|
| Overall energy consumption (in TWh) | 17.1 | 16.0 | 15.8 |
| Overall fresh water consumption (in millions of m ³) | 169.5 | 148.6 | 138.5 |

| Emissions to water | 2006 | 2007 | 2008 |
|--|-------|-------|-------|
| Chemical Oxygen Demand (COD) (tonnes of O ₂) | 4,030 | 3,689 | 3,453 |
| Suspended solids (tonnes) | 6,675 | 6,127 | 6,189 |

| Waste (in tonnes per year) | 2006 | 2007 | 2008 |
|---|---------|---------|---------|
| Hazardous waste excluding material recovery | 200,710 | 198,670 | 182,500 |
| including landfill disposal | 9,479 | 8,419 | 6,700 |
| Non-hazardous waste | 91,686 | 84,281 | 89,100 |

Source of data: data for the VOC, GHG and COD environmental indicators were audited by Bureau Veritas Certification.

8.2.2.2 Controlling soil and groundwater pollution

Some of the Group's industrial sites, particularly among those whose manufacturing activity goes back a long time, have been, or are, responsible for environmental pollution, notably of soil or groundwater. Under these circumstances, a number of sites currently being operated by the Group, or that were operated by the Group in the past and subsequently sold, as well as adjoining sites or sites where the Group stored waste or had waste eliminated, have been, still are, or could be in the future subject to specific demands for remediation from the relevant authorities.

Where there is a problem of soil or groundwater contamination on a site, investigations are launched to establish the extent of the area concerned and establish whether the pollution is likely to spread. The Group cooperates with the authorities to define the measures to be taken when the risk of an impact on the environment or a danger to health has been identified.

Restoring sites

The regulations in force in the various countries in which the Group operates allow the relevant authorities to impose measures to investigate, restore and monitor when the environmental condition of a site justifies such measures. In France, these measures are based on the legislation concerning installations classified for the protection of the environment, as codified in articles L.511-1ff of the Environmental Code (*Code de l'environnement*). In the United States, the Comprehensive Environmental Response Compensation and Liability Act (CERCLA) and the Resource Conservation and Recovery Act (RCRA) allow the relevant authorities to require investigation and remedial measures and also to impose compensation payments to certain government agencies, associations for the protection of the natural environment or Native American reserves for natural resource damages.

The Group has a large number of sites, some of which may be polluted given the length of time they have been operated and the diversity of the activities that they house or used to house. The Group has therefore been developing a scheme for several years to identify and evaluate the environmental condition of its active industrial sites. The final closure of a site generally entails an obligation on the operator to restore the site prior to closure to a state that no longer presents any danger or harm to the environment. In France, in addition to this obligation and to the need to notify the authorities that operations are ceasing, there is a requirement to take into account the future use of the site when defining and carrying out the restoration work. Unless an agreement is met with the interested parties (in particular the local municipality concerned), the operating company may face higher restoration costs if the site is earmarked for a so-called "sensitive" use (redevelopment with a view to building offices or housing, for example). The amount of provisions for environmental risks at 31 December 2008 is given in note 19.4 in the notes to the consolidated financial statements.

Within the framework of service contracts and guarantees, some of Total S.A.'s subsidiaries assume certain responsibilities on a number of sites in France, Belgium and the United States, most of which have ceased operations. The conditions under which these responsibilities will be assumed are described in section 22.2 of this reference document. Please also refer to section 6.2.2.2 of this reference document.

8.2.2.3 Managing products responsibly (Product Stewardship)

The Group ensures that it markets products that do not, over their life cycle, harm human health or safety, or the environment.

Groups of experts (toxicologists and ecotoxicologists) work on improving knowledge of the danger characteristics of the substances produced by the Group.

In accordance with applicable regulations, a safety data sheet is regularly updated for each of the Group's products and sent out to customers. In addition, groups of regulatory experts employed by the Group are in permanent contact with their toxicologist and ecotoxicologist colleagues, as well as with a worldwide network of correspondents on the industrial sites and in the BUs.

In Europe, regulations governing chemical products have been significantly reworked through the introduction of European regulation n° 1907/2006 of the European Parliament and the Council on 18 December 2006, concerning the Registration, Evaluation and Authorization of Chemicals (REACH). This regulation came into force on 1 June 2007.

This new regulation will oblige all manufacturers and importers of chemicals in Europe to file a complex registration file for each substance of which more than a tonne is produced per year. Each file will then be the subject of an evaluation by the relevant authorities. An authorization procedure will be required for substances of very high concern, namely those in the following categories: CMR (carcinogenic, mutagenic and reprotoxic), PBT (persistent, bioaccumulative and toxic) and vPvB (very persistent and very bioaccumulative). The Group has been preparing for the introduction of these new rules for a number of years, and expects to register 430 substances (of which 35 to 40 are potentially subject to authorization). The Group, which completed the necessary pre-registrations with ECHA (European Chemicals Agency) between June and November 2008, estimates that compliance with this new regulation will cost it around €60 million over 12 years.

In October 2008, ECHA published an initial list of 15 substances due for the authorization procedure. This list includes in particular (i) DEHP (di-ethylhexyl phthalate) produced by the Group at the Chauny site, and (ii) sodium dichromate used by the Group as a manufacturing aid. In January 2009, ECHA submitted for public consultation a selection of 7 substances (from those 15) which it proposes to submit to the authorization procedure as a matter of priority, including DEHP but not sodium dichromate. In the medium term, substances submitted for authorization may only be used for specific purposes by those companies which have been granted authorization.

Leaving aside the REACH regulation, it cannot be ruled out that the competent environmental authorities, within the framework of the existing regulations in the countries where the Group operates, will take decisions that could oblige it to reduce sharply, or even discontinue, the manufacture and marketing of certain products and shut down, either temporarily or permanently, manufacturing on certain production sites.

For example, the Group uses a fluoro-surfactant in the production of high-performance polymers at two of its manufacturing facilities. In the United States, a preliminary risk assessment on perfluoro-octanoic acid (PFOA), a substance not used by the Group but that has chemical similarities with the fluoro-surfactant it uses, was published by the American environmental authorities (Environmental Protection Agency – EPA) in April 2003 and then revised in January 2005. This risk assessment indicates potential exposure of the United States' general population to PFOA at very low levels but states that there is a great scientific uncertainty about the health risks associated with PFOA. The EPA, however, continues its evaluation aimed at identifying the types of voluntary or regulatory measures, or other actions, that

should, if necessary, be adopted and implemented. At the moment, it is hard to foresee the conclusions that will be drawn from this study and whether they will be extended to the fluoro-surfactant used by the Group.

On 25 January 2006, the EPA wrote to certain manufacturers using PFOA and similar substances to ask them to commit to a program of gradual elimination of PFOA and similar substances from emissions and from products by 2015 (with a 95% reduction target by 2010). ARKEMA has undertaken to respect this program, and can draw on the considerable resources it has devoted to finding a substitute surfactant since 2002 and on the results this research has already produced. In Europe, the European Parliament on 25 October 2006 passed the first reading of a directive enabling the Commission to bring forward measures to reduce the risks associated with PFOA as considered necessary under the ongoing risk analysis.

Over and above regulatory constraints, the Group contributes to several international programs to evaluate the dangers of chemical products, such as the High Production Volume Chemicals (HPV) program that comes under the aegis of the International Council of Chemical Associations (ICCA).

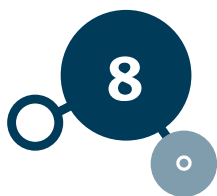
8.2.2.4 Managing and preventing environmental risks

The Group has set up environmental management systems at its industrial sites, most of which have obtained an external environmental certificate stating that they comply with the ISO 14001 standard. Depending on the local context, some sites have adopted other benchmarks such as the Responsible Care® Management System (RCMS) in the United States.

The environmental management system requires each of the Group's industrial sites to identify its impact on the environment (water, air including greenhouse gases, waste, noise, odors and soil) and set out the priorities which constitute their action plan. The periodical environmental analysis of sites allows measurement of the progress to date, and definition of new improvement objectives. Each site rigorously monitors its discharges, emissions (including CO₂ and greenhouse gas emissions), and waste. All this environmental data is collected and consolidated at the Group's head office and is published annually as part of the report on sustainable development.

In addition to internal audits carried out by the Group's Internal Audit team, the Group's sites are subject to two other types of audit: certifications by outside bodies, and audits by experts from the Group's Safety, Environment and Quality division.

Lastly, mindful of the concerns of the public about the chemical industry, be they the risk of accidents, the effect of products on health or their impact on the environment, the Group has been organizing meetings since 2002 to exchange views with the communities located near its industrial sites as part of an initiative called Common Ground®. The purpose of this is to develop a dialogue and contacts with those who are concerned by these matters, to build confidence, and thus move forward with them in the fields of safety and the environment.



8.2.3 HEALTH AND SAFETY

8.2.3.1 Promoting health and safety is a constant concern

Safety and the protection of health and the environment are central to the Group's objectives in conducting its operations, with an ongoing concern for improving performance in these areas.

The Group carefully assesses the risks involved in its operations for the health and safety of its employees, service providers, customers, and the public, and draws the consequences in terms of prevention.

8.2.3.2 Occupational illness

In manufacturing its products, the Group uses and has in the past used toxic or hazardous substances. Despite the safety and monitoring procedures that have been instituted at Group level and for each production site, Group employees may have been exposed to such substances and may develop specific pathologies as a result of such exposure.

In this respect, like most industrial companies, in the past, the Group has used a variety of insulating or heat-proofing materials containing asbestos in its production facilities. Consequently, certain employees may have been exposed to such materials before these were gradually phased out and replaced with substitute products.

At its French sites, the Group anticipated the regulatory provisions applicable to asbestos (decrees n° 96-97 and 96-98 of 7 February 1996 and decree n° 96-1133 of 24 December 1996). The Group made an inventory of asbestos-containing building materials within its premises, notified employees of the results of these investigations, and took the collective and individual protective measures required by the applicable laws. Outside France, the Group has also taken measures to ensure that it complies with applicable legislation.

However, claims for occupational illness related to past asbestos exposure have been filed against the Group, mostly for periods before 1980.

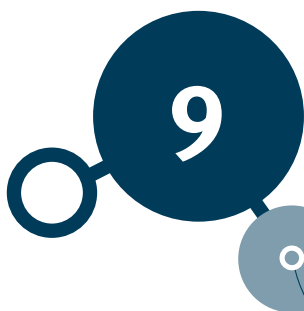
Arkema France has also been challenged by a few former employees regarding the basis of compensation relating to early retirement provisions for asbestos workers. This action is based on a ruling given against another company, although this decision is not yet final.

The risks relating to occupational illness are described in section 6.4.2.4 of this reference document.

8.2.3.3 Facilities that produced asbestos-containing materials likely to entitle employees to voluntary early retirement

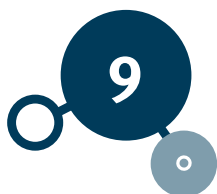
Six of the Group's sites in France have been classified by ministerial order as facilities likely to entitle asbestos workers to a voluntary early retirement scheme. The Group cannot rule out the possibility that other sites may be added to this list in the future.

In this area, on 30 June 2003, Arkema France entered into an agreement with all trade unions aimed at improving the conditions under which its employees can leave the Group under the terms of this scheme, and at adjusting the departure date of the relevant employees so as to facilitate the transfer of expertise and know-how within the Group. These measures were extended to all Group companies in France under the terms of the group agreement reached on 1 September 2007 with all trade unions.



Analysis of the Group and the Company's financial condition

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9.1 Analysis of the Group's financial condition and results

9.1.1 CONSOLIDATED FINANCIAL STATEMENTS FOR 2008

The Group's consolidated financial statements for 2008 are presented in chapter 20 of this reference document.

The report from KPMG Audit and Ernst & Young Audit, statutory auditors, on the consolidated financial statements for 2008 is included in chapter 20 of this reference document.

9.1.2 CONSOLIDATED FINANCIAL STATEMENTS FOR 2007

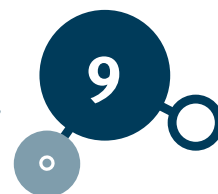
For 2007, the Group's consolidated financial statements, and the report from KPMG Audit and Ernst & Young Audit, statutory auditors, on these consolidated financial statements, are presented in chapter 20 of the reference document filed with the Autorité des marchés financiers on 17 April 2008 under n° R.08-026.

These are incorporated by reference in this reference document.

9.1.3 CONSOLIDATED FINANCIAL STATEMENTS FOR 2006

For 2006, the Group's consolidated financial statements, and the report from KPMG Audit and Ernst & Young Audit, statutory auditors, on these consolidated financial statements, are presented in chapter 20 of the reference document filed with the Autorité des marchés financiers on 21 May 2007 under n° R.07-073.

These are incorporated by reference in this reference document.



9.2 Comments and analysis on consolidated financial statements for 2007 and 2008

9.2.1 ACCOUNTING POLICIES

The consolidated financial statements at 31 December 2008 were prepared in accordance with the international financial reporting standards (IFRS) issued by the IASB (International Accounting Standards Board) as approved by the European Union at 31 December 2008.

The accounting policies applied in preparing the consolidated financial statements at 31 December 2008 are identical to those used in the consolidated financial statements at 31 December 2007, except for those described at the start of note "B. Accounting policies" to the financial statements in chapter 20.

Preparation of consolidated financial statements in accordance with IFRS requires Group management to make estimates and retain assumptions that can have an impact on the amounts recognized in assets and liabilities at the balance sheet date, and have a

corresponding impact on the income statement. Management made these estimates and determined these assumptions on the basis of past experience and taking into account different factors considered to be reasonable for the valuation of assets and liabilities. Use of different assumptions could have a material effect on these valuations. The main assumptions made by management in preparing the financial statements are those used for the calculation of depreciation and impairment, of pension benefit obligations, of deferred taxes and of provisions. The disclosures provided concerning contingent assets and liabilities at the date of preparation of the consolidated financial statements also involve the use of estimates.

The main accounting policies used by the Group are presented in the financial statements contained in chapter 20 of this reference document.

9.2.2 INDICATORS USED IN MANAGEMENT ANALYSIS

The analysis set out below includes a year-on-year comparison of the performance of ARKEMA and its business segments in accordance with principles which are identical to those defined in the Group's reporting for the purposes of managing and assessing the Group's performance. The main performance indicators used by ARKEMA are defined in chapter 20 of this reference document.

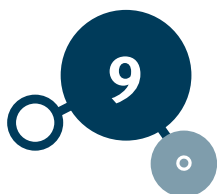
In analyzing changes in its results, particularly changes in sales, ARKEMA identifies the influence of the following effects (such analysis is unaudited):

► **effect of changes in scope of business:** effects of changes in scope of business arise on acquisition or disposal of an entire business or on first-time consolidation or deconsolidation of an entity. An increase or reduction in capacity is not analyzed as creating a change in the scope of business;

► **effect of foreign currency movements:** the effect of foreign currency movements is the mechanical impact of consolidation of accounts denominated in currencies other than the euro at different exchange rates from one period to another. The effect of foreign currency movements is calculated by applying the foreign exchange rates of the prior period to the figures of the current period;

► **effect of changes in prices:** the impact of changes in average sales prices is estimated by comparing the average weighted unit net sales price of a range of related products in the current period with their average weighted unit net sales price in the prior period, multiplied, in both cases, by the volumes sold in the reference period;

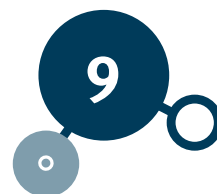
► **effect of changes in volumes:** the impact of changes in volumes is estimated by comparing quantities delivered in the reference period with the quantities delivered in the preceding period multiplied, in both cases, by the average weighted unit net sales prices of the relevant preceding period.



9.2.3 DESCRIPTION OF THE MAIN FACTORS WHICH AFFECTED SALES AND RESULTS IN THE PERIOD

A number of main factors affected operating income in 2007 and 2008. These factors affected the performances achieved by the Group's three business segments to differing degrees:

- ▶ changes in the value of the euro relative to other currencies, and in particular the US dollar, had a negative effect on the income statement and the balance sheet;
- ▶ raw materials prices, in particular those of petrochemicals products, tin and energy, were extremely volatile throughout the period under review and reached very high levels at some points. In this context, ARKEMA has sought to pass on these additional costs through a targeted policy of continuous increases in prices (effect of change in prices on sales of +1.7% in 2007 and +8.1% in 2008). The Group has thus been able to broadly maintain its unit margins, with the notable exception of the Vinyl Products segment in 2008;
- ▶ changes in the balance of supply and demand in some activities such as acrylics and PVC. In acrylics, the balance of supply and demand remained unfavorable in 2007 and 2008. PVC in Europe benefited from a favorable environment in 2007 and an unfavorable environment in 2008, because of the sharp increase in the cost of ethylene and the sharp drop in sales volumes in the 4th quarter of 2008;
- ▶ the sharp decline in demand on many markets in the 4th quarter of 2008, particularly in the automotive and construction sectors. This decline, amplified by substantial de-stocking by customers, weighed on volumes sold by the Group in the last quarter and on ARKEMA's results;
- ▶ the large number of restructuring plans launched by ARKEMA since its creation in its three business segments in order to structurally improve its competitiveness and its results. ARKEMA set an objective of reducing its fixed costs by €500 million by 2010 compared to 2005, which should lead to an estimated improvement in EBITDA of €200 million after taking account of inflation on fixed costs and losses of volumes resulting from plant closures. In December 2008, the deterioration in the economic environment in many sectors led ARKEMA to strengthen its fixed cost reduction measures. It announced an additional plan involving €50 million of savings on fixed costs by 2010 which should lead to a net improvement in EBITDA of €30 million. At the end of 2008, the cumulative gains from these productivity measures amounted to €337 million compared to 2005, being a net impact on EBITDA of €169 million after taking account of inflation on fixed costs and losses of volumes resulting from production unit closures. These plans also generate restructuring costs which have a significant negative impact on operating income and cash flow. In 2008, expenses relating to the plans announced amounted to €59 million.
- ▶ the launch of new applications produced by the Group's R&D, the numerous selective development projects and the Group's active portfolio management have strengthened the quality of ARKEMA's portfolio and generated EBITDA gains of €51 million in 2008.



9.2.4 ANALYSIS OF ARKEMA'S INCOME STATEMENT

| (In millions of euros) | 2007 | 2008 | Change |
|--|--------------|--------------|----------------|
| Sales | 5,675 | 5,633 | (0.7)% |
| Operating expenses | (4,827) | (4,840) | +0.3% |
| Research and development expenses | (158) | (150) | (5.1)% |
| Selling and administrative expenses | (397) | (393) | (1.0)% |
| Recurring operating income | 293 | 250 | (14.7)% |
| Other income and expenses | (72) | (53) | (26.4)% |
| Operating income | 221 | 197 | (10.9)% |
| Equity in income of affiliates | 5 | 8 | |
| Financial result | (15) | (35) | |
| Income taxes | (104) | (69) | |
| Net income of continuing operations | 107 | 101 | (5.6)% |
| Net income of discontinued operations | 17 | - | |
| Net income | 124 | 101 | (18.5)% |
| Minority interests | 2 | 1 | |
| Net income - Group share | 122 | 100 | (18.0)% |
| EBITDA | 518 | 498 | (3.9)% |
| ADJUSTED NET INCOME | 186 | 146 | (21.5)% |

Sales

In 2008, sales totaled €5,633 million against €5,675 million in 2007 down by 0.7%. Excluding the translation effect, mainly related to the weakness of the US dollar compared to the euro in 2008 (-2.4%), and the limited effect of changes in the scope of business (-0.5%), sales increased by 2.2%. The very significant increase in average sales prices across all the businesses of the group (+8.1%) compensated for the decrease in volumes (-5.9%) which was mainly due to the sharp decline in demand on many market segments in the 4th quarter of 2008, amplified by massive de-stocking by customers. Thus over the last quarter of the year, the volume effect amounted to -23%, the businesses most particularly affected by the sharp decline in automotive and construction being PVC and its downstream, PMMA and Functional Additives.

The breakdown of sales by geographical area changed slightly in 2008. The European portion of sales decreased slightly to 58% of ARKEMA's total sales, against 60% in 2007, North American sales remained stable at 22% and sales in Asia and in the rest of the world both increased slightly to 14% and 6% respectively (against 13% and 5% in 2007).

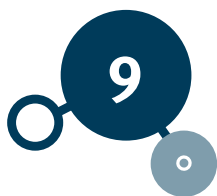
Recurring operating income

Operating expenses in 2008 were €4,840 million, against €4,827 million in 2007. Items which contributed to this increase in operating expenses include higher variable costs, which increased because of the sharp increase in the cost of raw materials and

energy, effects of changes in the scope of business primarily related to the acquisition of Coatex in October 2007 and negative inventory adjustments of -€23 million in the 4th quarter 2008 related to the sharp decrease of some raw material costs at the very end of the year. However the negative impact of these items was partially offset by the significant decrease in fixed costs which resulted from numerous productivity initiatives undertaken in the Group's various business segments. These plans particularly related to (i) the Fluorochemicals site at Pierre-Bénite (France), (ii) the Thiochemicals site at Lacq (France), (iii) the polyamides sites at Serquigny and Marseille (France) and Bonn (Germany), (iv) several French and European chlorochemicals and downstream PVC sites and (v) American Functional Additives sites. Lastly, the weakness of the US dollar had a positive impact on operating expenses translated into euros.

Research and development expenses were €150 million in 2008, against €158 million in 2007, in spite of the effect of changes in the scope of business related to the acquisition of Coatex. This decrease includes the effect of the euro/US dollar exchange rate. It also reflects the continuation of the Group's strict policy regarding allocation of resources as well as the receipt of subsidies.

Selling and administrative expenses decreased to €393 million, against €397 million in 2007. This decrease was driven by a positive effect of foreign currency movements and the continued implementation of measures aimed at simplifying the Group's organization, such as the restructuring of the Group's headquarters carried out in the context of its transfer to Colombes (France) which was finalized during 2008.



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EBITDA amounted to €498 million in 2008 against €518 million in 2007, in a very deteriorated economic environment characterized by (i) sharp increases in the cost of raw materials and energy, (ii) unfavorable movements in foreign exchange rates, mainly the US dollar compared to the euro, whose impact in 2008 is estimated at -€17 million, (iii) a sharp decline in demand in the 4th quarter amplified by unprecedented de-stocking by customers, (iv) acrylics unit margins being at the bottom of the cycle and (v) negative inventory adjustments of -€23 million in the 4th quarter 2008 related to the sharp decrease of some raw material costs at the very end of the year. In this context, ARKEMA (i) continued its policy of increasing its sales prices, (ii) accelerated the implementation of its productivity plans (in Fluorochemicals at Pierre-Bénite in France, in Thiochemicals at Lacq in France, in the head office with the creation of two shared services centers for Human Resources and Accounting, and in the Functional Additives and polyamides businesses), (iii) adjusted, in the 4th quarter, utilization of its production capacity to match the unprecedented collapse in demand and (iv) strengthened its very strict control on general expenses. In 2008, internal productivity measures achieved savings of €107 million, which were partly offset by the effect of inflation (-€40 million) and losses of volumes related to implementation of the restructuring plans (-€7 million), being a net EBITDA gain of €60 million. Lastly, ARKEMA continued to launch new applications and benefited from industrial developments in Fluorochemicals, Thiochemicals and Specialty Chemicals. Growth and portfolio management measures thus contributed €51 million to EBITDA in the year. In total, internal measures contributed a €111 million improvement to EBITDA and thus managed to largely offset the unfavorable impact of the business environment.

EBITDA margin resisted well at 8.8% of sales against 9.1% in 2007 and 7.3% in 2006.

Recurring operating income was €250 million in 2008 against €293 million in 2007 and includes €248 million of depreciation and amortization, up €23 million compared to 2007. The increase in the depreciation and amortization expense, despite a positive impact of foreign currency movements related to changes in the euro/US dollar exchange-rate, arises as a result of capital expenditures exceeding depreciation because of the asset impairment losses booked prior to the Group's stock market listing in 2006.

Operating income

Operating income totaled €197 million in 2008 against €221 million in 2007. This decrease of €24 million results from the €43 million reduction in recurring operating income, partially offset by a lower level of other income and expenses which totaled -€53 million in 2008 compared with -€72 million in 2007.

In 2008, other income and expenses mainly included -€59 million of expenses relating to the restructuring plans announced in 2008, especially in Vinyl Products, and to the creation of shared services centers for Human Resources, Accounting and Purchasing functions.

In 2007, other income and expenses mainly included -€94 million of expenses relating to the restructuring plans announced in the three

segments, the financial consequences of a fire that struck one of the three production ovens at the Lavera site (France) for a net amount of -€23 million and capital gains on the sale of businesses and land for €47 million.

Equity in income of affiliates

Equity in the income of affiliates came to €8 million, against €5 million in 2007. This increase is due to the improvement in the results of Qatar Vinyl Company (QVC).

Financial result

Financial result totaled -€35 million in 2008 against -€15 million in 2007. This deterioration is due in particular to an increase in the cost of debt which amounted to €25 million in 2008 against €13 million in 2007. This resulted from changes in the average level of the Group's debt during 2007 and 2008 (divestment of Cerexagri in February 2007, acquisition of Coatex in October 2007 and cash outflows related to non-recurring pre-spin off items) as average interest rates in the year were approximately 4.5% compared with 5% in 2007.

Income taxes

Income taxes amounted to €69 million in 2008 (€104 million in 2007) and correspond to a tax rate on recurring operating income of 27.6% compared with 29.3% in 2007 if one excludes (i) the withholding tax on the exceptional dividend paid by the American subsidiary to its parent and (ii) the tax on the capital gain on the sale of the urea formaldehyde resins business, from the Group's income tax expense in that year. The tax rate is calculated by reference to recurring operating income on account of the Group's current tax position in France (high levels of restructuring expenses recorded together with non-recognition of deferred tax assets).

Net income of discontinued operations

In 2007, ARKEMA finalized the sale of its agrochemicals business (Cerexagri). Net income of discontinued operations in that year corresponded to the capital gain generated by the sale of this business.

Adjusted net income and net income - Group share

In a difficult economic environment in 2008, ARKEMA generated net income (Group share) of €100 million compared with €122 million in 2007.

If one excludes the after-tax impact of non-recurring items, adjusted net income amounted to €146 million in 2008 compared with €186 million in 2007.

9.2.5 ANALYSIS OF RESULTS BY SEGMENT

9.2.5.1 Vinyl Products segment

| (In millions of euros) | 2007 | 2008 | Change |
|-----------------------------------|--------------|--------------|----------------|
| Sales | 1,418 | 1,443 | +1.8% |
| Recurring operating income | 65 | (25) | n/a |
| Other income and expenses | (12) | (36) | n/a |
| Operating income | 53 | (61) | n/a |
| EBITDA | 90 | 14 | (84.4)% |

Sales of Vinyl Products increased by 1.8% to €1,443 million in 2008. The increase in average sales prices and good demand for caustic soda compensated for the decrease in PVC volumes resulting from the deterioration, in the 4th quarter, in demand in the construction sector amplified by massive de-stocking by customers.

EBITDA totaled €14 million in 2008 against €90 million in 2007, down €76 million. The very significant and continuous rise in ethylene prices, which peaked in the 3rd quarter of 2008, weighed heavily on the segment's results, as the rise in average sales prices did not compensate for very high raw material costs. Moreover, the decrease in volumes and sales prices in PVC in the 4th quarter strongly affected the segment's results. Measures to reduce fixed costs and optimize variable costs were continued and they partially compensated for the very negative impact of the economic environment.

Recurring operating income amounted to -€25 million in 2008 against €65 million in 2007 and includes an increase of €13 million in the depreciation expense which mainly results from capital expenditures

made in the context of the chlorochemicals business consolidation plan.

Operating income for 2008 was -€61 million (compared with €53 million in 2007) and includes other income and expenses of -€36 million, mainly including -€42 million of expenses related to the new restructuring plans announced at the end of 2008 on the Jarrie and Saint-Auban sites in France and in the two downstream PVC businesses in France and Europe. These plans should start to be implemented during 2009 and lead to the removal of more than 350 positions.

In 2007, other income and expenses amounted to -€12 million and mainly included expenses relating to restructuring plans announced in the year (-€10 million). The financial consequences of the fire that struck one of the three production ovens at the Lavera site (France) were offset by the capital gain on the sale of land in Tacoma (United States).

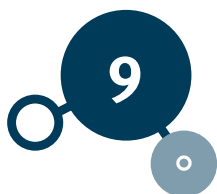
9.2.5.2 Industrial Chemicals segment

| (In millions of euros) | 2007 | 2008 | Change |
|-----------------------------------|--------------|--------------|---------------|
| Sales | 2,529 | 2,582 | +2.1% |
| Recurring operating income | 178 | 218 | +22.5% |
| Other income and expenses | (43) | (9) | n/a |
| Operating income | 135 | 209 | +54.8% |
| EBITDA | 289 | 341 | +18.0% |

Sales of Industrial Chemicals amounted to €2,582 million in 2008, up 2.1% compared to 2007. The rise in average sales prices in all business units within the segment together with the positive effect of the change in scope of business mainly due to the acquisition of Coatex in October 2007, both compensated for the impact on volumes from the sharp decline in demand in some sectors such as automotive and the negative impact of the euro/US dollar exchange rate.

The segment's EBITDA increased by 18% in 2008 compared to 2007, at €341 million (against €289 million in 2007) in an environment

which was characterized by bottom of cycle unit margins in acrylics and by the slowdown in automotive which strongly affected volumes of PMMA in the 4th quarter. This very strong improvement demonstrates the quality of the segment's portfolio of businesses. The restructuring plans launched in the last three years, together with new product development projects have borne fruit and contributed significantly to growth in EBITDA. The start-up of the new HFC-32 production unit in Calvert-City (United States) in mid-2007 helped the Fluorochemicals business unit to actively take part



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in the development of new generation blends, while the increase of production capacity in Thiochemicals benefited from market expansion. Lastly, the successful integration of Coatex strengthened the acrylics business and reduced cyclical effects in this business.

EBITDA margin improved very clearly at 13.2% in 2008 against 11.4% in 2007 and 10.7% in 2006.

Recurring operating income increased from €178 million in 2007 to €218 million in 2008 despite an increase of €12 million in the depreciation expense following start-ups of several production capacity additions in the segment.

Operating income increased nearly 55% to €209 million in 2008 (against €135 million in 2007). This increase is due to the improvement in recurring operating income and a decrease in the amount of other income and expenses which totaled -€9 million in 2008 compared with -€43 million in 2007. In 2008, other income and expenses correspond to restructuring plans launched in the segment. In 2007, they mainly included restructuring expenses relating to the different measures taken on the acrylics site at Carling (France), the thiochemicals site at Lacq-Mourenx (France) and the fluorochemicals site at Pierre-Bénite (France) for a total amount of -€46 million.

9.2.5.3 Performance Products segment

| (In millions of euros) | 2007 | 2008 | Change |
|-----------------------------------|--------------|--------------|---------------|
| Sales | 1,723 | 1,602 | (7.0)% |
| Recurring operating income | 97 | 92 | (5.2)% |
| Other income and expenses | (8) | (2) | n/a |
| Operating income | 89 | 90 | +1.1% |
| EBITDA | 184 | 177 | (3.8)% |

Sales of Performance Products totaled €1,602 million in 2008 against €1,723 million in 2007. This decrease resulted mainly from the negative effect of change in scope of business with the divestment of the urea formaldehyde resins business in November 2007, the unfavorable euro/US dollar exchange rate and the slowdown in demand, in particular in US construction, which weighed strongly on volumes in the Functional Additives business.

Excluding the effect of the change in scope of business, EBITDA increased by 2.9%. The development of new applications such as PVDF for the photovoltaic market or molecular sieves and the restructuring plans in Functional Additives and polyamides contributed to improve EBITDA despite the negative impact of the euro/US dollar exchange rate and the collapse in demand over the last quarter in several market segments. In addition, at the end of 2008 Arkema acquired Oxford Performance Materials which strengthens its position in very high performance materials.

EBITDA margin improved at 11% of sales in 2008 against 10.7% in 2007 and 8.7% in 2006

Recurring operating income amounted to €92 million, against €97 million in 2007.

Operating income increased by 1.1% to €90 million, against €89 million in 2007. In 2008, it includes an amount of -€2 million in respect of other income and expenses which corresponds to costs related to the different restructuring plans being implemented in this segment.

In 2007, other income and expenses amounted to -€8 million and included expenses of €38 million in respect of various restructuring plans in this segment at Serquigny (France), Marseille (France), Vlissingen (Netherlands) and Bonn (Germany) and a net pre-tax capital gain of €30 million in respect of the sale of the urea formaldehyde resins business.

9.2.6 BALANCE SHEET ANALYSIS: COMPARISON OF 2008 WITH 2007

| (In millions of euros) | 31/12/2007 | 31/12/2008 | Change |
|-------------------------|--------------|--------------|--------------|
| Non-current assets * | 2,178 | 2,315 | +6.3% |
| Working capital | 1,095 | 1,055 | (3.7)% |
| Capital employed | 3,273 | 3,370 | +3.0% |
| Provisions | 817 | 801 | (2.0)% |
| Net debt | 459 | 495 | +7.8% |
| Shareholders' equity | 1,932 | 2,018 | +4.5% |

* Excluding deferred taxes

Non-current assets increased by €137 million between 2007 and 2008. This was due primarily to:

- ▶ a level of capital expenditure of €335 million that was greater than the depreciation and amortization expense of €248 million, as the amount of depreciation had been previously been reduced as a result of the asset impairment recognized before the Group's stock market listing in 2006;
- ▶ a positive effect of foreign currency movements of €36 million, as a result of the strengthening of the US dollar against the euro at 31 December 2008.

Asset impairment remained at a very low level in 2008.

Working capital decreased in the year thanks to continued application of very strict management in this area, despite a negative translation effect of foreign currency of €3 million. At end December 2008, the working capital to sales ratio for the year amounted to 18.7% against 19.3% at 31 December 2007.

Consequently, ARKEMA's capital employed increased to €3,370 million in 2008 against €3,273 million in 2007. The breakdown of capital employed by segment (excluding Corporate) remained stable in 2008: the Vinyl Products segment accounts for 20% of total capital employed, Industrial Chemicals account for 49% and Performance Products account for 31%.

At 31 December 2008, provisions amount to €801 million, down €16 million on 2007 due primarily to reversals that were higher than increases in provisions (€183 million of reversals compared to €110 million of increases in provisions), despite an effect of foreign currency movements of €10 million.

The breakdown of provisions by type at 31 December 2008 was as follows: pension benefit obligations €236 million, other employee benefit obligations €105 million, environmental contingencies €206 million, restructuring €109 million and other provisions €145 million.

Provisions for pensions increased between 2007 and 2008, mainly because of the decrease in the value of financial assets in the United States. This decrease does not generate a requirement that additional contributions be made.

A total of €79 million of these provisions represent the balance of provisions which were regarded as equivalent to debt at the time

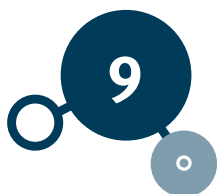
of the listing of Arkema S.A. shares. They amounted to €115 million at 31 December 2007. At 31 December 2008, the analysis of such provisions by type was as follows: pension and similar post employment benefit obligations €5 million, litigations and claims €31 million, environmental contingencies €26 million, restructuring €17 million. A portion of the litigation and claims provisions relating to anti-trust legislation have given rise to deposits of €24 million which are included in non-current assets in the balance sheet. After deduction of this asset, the net amount of these provisions regarded as equivalent to debt is €55 million. Henceforth, cash outflows in respect of these provisions should be similar to those in respect of the Group's other provisions. They will thus no longer be subject to specific individual monitoring.

In addition, certain provisions totaling €73 million are covered by indemnities granted by Total that are described in paragraph 22.2 of this reference document and thus by long term assets recognized in the balance sheet. These are comprised of (i) provisions relating to the former industrial sites in the United States in an amount of €63 million and (ii) certain provisions relating to antitrust litigation in an amount of €10 million.

Accordingly, the net amount of provisions and 31 December 2008 is €701 million (after deducting pension assets of €3 million recognized at 31 December 2008) and is broken down into (i) restructuring provisions €109 million, (ii) pension benefit obligations €233 million (iii) €359 million of other provisions which are considered to be of an operating nature. Changes in this latter category of provisions are recognized within EBITDA.

Net debt amounts to €495 million at 31 December 2008, against €459 million in 2007, giving a ratio of net debt to EBITDA of 1. The debt to equity ratio remains at a low level of 25%. ARKEMA thus demonstrates its ability to maintain the solidity and quality of its balance sheet in spite of the downturn in the economic environment.

Most of the Group's financing is provided by a syndicated credit facility of a maximum amount of €1.1 billion whose maturity has been extended up to 31 March 2013 (see chapter 10 of this reference document). At the end of December 2008, an amount of €410 million was used under this credit facility in the form of revolving short-term drawings.



9.2.7 CASH FLOW ANALYSIS: COMPARISON OF 2008 WITH 2007

| <i>(In millions of euros)</i> | 2007 | 2008 |
|---|--------------|--------------|
| Operating cash flow* | 372 | 365 |
| Current income taxes | (85) | (55) |
| Financial result | (15) | (35) |
| Change in working capital | 47 | 56 |
| Cash flow from operating activities | 319 | 331 |
| Cash flow from investing activities | (413) | (342) |
| Net cash flow | (94) | (11) |
| <i>Of which:</i> | | |
| <i>Cash flow from portfolio management</i> | <i>(135)</i> | <i>(25)</i> |
| <i>Non-recurring pre spin-off items</i> | <i>(87)</i> | <i>(54)</i> |
| Net cash flow excluding non-recurring pre spin-off items and impact of acquisitions/ divestments | 128 | 68 |
| <i>Non-recurring post spin-off items</i> | <i>(73)</i> | <i>(56)</i> |
| Recurring cash flow | 201 | 124 |
| Cash flow from financing activities | 10 | (12) |
| Change in cash and cash equivalents | (84) | (23) |

* Calculated as cash flow from operating activities before financial result, current income taxes and change in working capital

Cash flow from operating activities

In 2008, net resources generated by operations were positive at €331 million, up €12 million on 2007. They included a reduction in working capital of €56 million.

These cash flows included expenditure related to “non-recurring pre spin-off items” and other non-recurring items which are described in the “Cash flow excluding non-recurring items” paragraph below.

Cash flow from investing activities

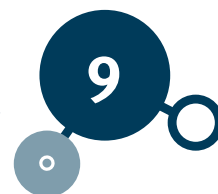
There was a net cash outflow on investing activities of €342 million. This included capital expenditures in operating tangible and intangible assets of €335 million, of which €19 million related to the chlorochemicals business consolidation plan that is considered to be a non-recurring pre spin-off item. It also included €301 million of recurring capital expenditures and €15 million of other exceptional capital expenditures, including the acquisition of assets in 2008. The recurring capital expenditures are related in particular to (i) plant startups in 2008, such as the doubling of H₂O₂ production capacity at Shanghai (China) and (ii) the growth projects being implemented, including building a HFC-125 production unit in partnership with Daikin at Changshu (China), building a new zEHA unit at Carling (France) and investments made in the context of the productivity plan in Marseille (France).

The breakdown of investments over the different geographical areas in which the group operates changed in 2008. The share of investments made in Europe thus decreased to 70% in 2008 compared to 75% in 2007. Conversely, the share of the investments made in North America increased from 16% in 2007 to 17% in 2008 and the share of investments in Asia now represents 12% of the total, compared with 8% in 2007, in line with ARKEMA's objective to accelerate its growth in this region and to achieve 20% of total group sales in Asia.

These cash flows also included the impact of all portfolio management operations finalized in 2008. The net amount of acquisitions and disposals of shares and assets amounted to -€25 million.

Cash flow excluding non-recurring items

Prior to its listing in May 2006, ARKEMA benefited from a capital increase subscribed by companies belonging to the Total Group and designed to finance a number of exceptional items regarded as debt and called “non-recurring pre spin-off items”. These items, totaling €580 million, included provisions totaling €435 million at 31 December 2005, capital expenditures relating to the chlorochemicals restructuring plan for a total of €100 million, and additional expenses that could not be recognized at 31 December 2005 for a total of €45 million. Expenditure has since been incurred in respect of some of these items, thus having a negative effect on



cash flows. In 2008, expenditure on non-recurring pre spin-off items amounted to €54 million.

If one excludes these items and the cash flows resulting from portfolio management operations, net free cash flows are €68 million (against €128 million in 2007).

These free cash flows also include "post-spin off" non-recurring items, mainly related to restructuring plans launched after Arkema S.A.'s listing. In 2008, these items amounted to €56 million.

Cash flow from financing activities

Cash flow from financing activities amounted to -€12 million in 2008 and includes the payment of a first dividend of a total amount of €46 million by ARKEMA in respect of 2007, treasury share buy-backs for €25 million and the increase in share capital reserved for employees, which was completed in the 1st half 2008, for a total amount €19 million.

9.2.8 IMPACT OF SEASONALITY

ARKEMA's standard pattern of business shows seasonality effects. Various characteristics contribute to these effects:

- demand for products manufactured by ARKEMA is generally weaker in the summer months (July-August) and in December, notably as a result of the slowdown in industrial activity during these months, particularly in France and Southern Europe;
- in some of ARKEMA's businesses, particularly those serving refrigeration markets, the level of sales is generally higher in the first half of the year than in the second half; and,

- the major maintenance turnarounds at ARKEMA's production plants tend to take place in the second half of the year rather than in the first half.

These seasonal effects are not necessarily representative of future trends, but could have a material effect on the changes in results and working capital from one quarter of the year to another.

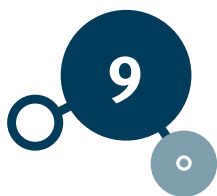
9.3 Financial information on the Company's financial statements, financial condition and results

9.3.1 2008 ANNUAL COMPANY'S FINANCIAL STATEMENTS

The Company's annual financial statements for 2008 are included in chapter 20 of this reference document.

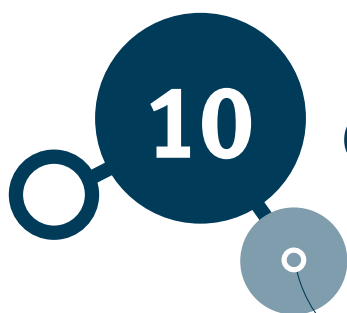
9.3.2 REPORT OF THE STATUTORY AUDITORS ON THE 2008 COMPANY'S FINANCIAL STATEMENTS

The report from KPMG Audit and Ernst & Young Audit, statutory auditors, on the Company's annual financial statements for 2008 is included in chapter 20 of this reference document.



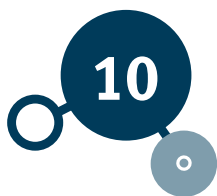
9.4 Fees paid to statutory auditors

The amount of fees paid to the statutory auditors is provided in chapter 20 of this reference document.



Cash and shareholders' equity

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CASH AND SHAREHOLDERS' EQUITY

Borrowing terms and conditions and financing structure of the Group

10.1 Description of Group cash flow

For a detailed description of the Group's cash flows, please refer to section 9.2.7 of this reference document. Moreover, the variation in the short term and long term debt is detailed in the consolidated cash flow statements included in the Group's consolidated financial statements.

10.2 Borrowing terms and conditions and financing structure of the Group

On 31 March 2006, Arkema S.A. and Arkema France (the **Borrowers**) and a syndicate of banks signed a revolving multi-currency credit facility in the maximum amount of €1.1 billion (the **Facility**).

The purpose of the Facility is to finance, in the form of drawings and bank guarantees, the Group's general corporate purposes for a period of five years with an option for an additional period of one or two years. The banks have exercised in 2007 their option to extend the period by a further 12 months in the amount of €1,094 million. In 2008 the banks have also exercised their option to extend the period by a further 12 months in the amount of €1,049 million. Thus, the maximum amount of Credit stands at (i) €1,100 million until 31 March 2011, (ii) €1,094 million until 31 March 2012, and (iii) €1,049 million until 31 March 2013.

Other Group companies have the possibility to become borrowers under the Facility, in the same capacity as Arkema S.A. and Arkema France.

The Facility provides for prepayment in certain cases, including a change of control over Arkema S.A. (defined as any person, acting alone or in concert, holding, directly or indirectly, more than one third of the voting rights of Arkema S.A.). Should this clause be triggered by a lender, it could lead to prepayment and cancellation of the commitments of such lender.

The Facility contains representations to be made by each Borrower relating, among other things, to the accounts, litigation, or the absence of events of default. Some such representations have to be reiterated at the time of each utilization request, in particular, the representation pertaining to the continued validity and enforceability against the guarantors of the guarantees granted by Total S.A. and certain entities of Total S.A. as described in section 22.2 of this reference document.

The Facility also contains the standard undertakings for this type of agreement, including:

- (i) information undertakings (mainly accounting and financial information);
- (ii) undertakings relating, among other things, to certain restrictions in connection with (but not limited to) the granting of securities (*sûretés réelles*), the completion of merger or restructuring transactions, the sale or purchase of assets and the Group's indebtedness. Depending on the case, such restrictions will not apply to ordinary operations or to transactions involving amounts below certain thresholds;
- (iii) a financial undertaking: Arkema S.A. undertakes to maintain a ratio of consolidated net debt to consolidated EBITDA (tested twice a year) of less than 3.

The Facility also stipulates the standard events of default for this type of transaction, which could lead to an acceleration of the Facility, including (but not limited to) the following: failure to provide one of the representations or misrepresentation (initial representations or reiterated representations during the life of the Facility); payment default; failure to meet any of the aforesaid undertakings; cross-default and the advent of insolvency proceedings. In some cases, the acceleration of the Facility may be subordinated to exceeding certain authorized thresholds, to materiality testing (such as the material adverse effect on the legal, business, financial or other situation of the Group taken as a whole), or the expiration of grace periods.

Lastly, Arkema S.A. guarantees on a joint and several basis to the Banks the obligations of the other Borrowers under the terms of the Facility. The Facility is not subject to any other personal guarantee or security.

10.3 Off-balance sheet commitments

The presentation made in this reference document does not omit the existence of a significant off-balance sheet commitment according to the accounting norms in force.

10.4 Information on restrictions on the use of capital that has significantly influenced or may significantly influence, directly or indirectly, the Group's Business

Subject to the stipulations of the syndicated facility described above, there are no restrictions on the use of capital that may significantly influence, either directly or indirectly, ARKEMA's business.

10.5 Anticipated sources of financing for future investments

Given the Group's current cash position and the syndicated facility agreement described in section 10.2 above, the Group believes that it is in a position to finance its future investments, in particular those described in sections 5.2 and 8.1.1 of this reference document.

10.6 Dividend policy

In 2008, the Company distributed for the first time a dividend amounting to €0.75 per share in respect of 2007. Prior to this, the Company had distributed no dividend over the previous three years.

The Board of Directors which met on 4 March 2009 decided, on closing the 2008 financial statements, to propose to the Annual General Meeting on 15 June 2009 a resolution under which it will recommend

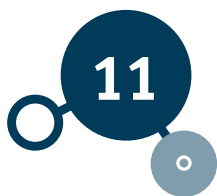
the distribution of a dividend of €0.60 per share in respect of 2008, in line with the evolution of the results. This dividend will thus enable shareholders to take part in the Company's transformation.

In the future the amount of the dividend will continue to be determined on the basis of the evolution of the Group's results.



11 Research and Development

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11.1 Research and development

Research and development (R&D) is an essential factor on which the Group relies to meet its strategy of innovation and improving its products and manufacturing processes.

In 2008 R&D expenses accounted for over 2.5% of Group's sales. The Group intends to keep up this research effort in the coming years in order to develop ever more innovative products, optimize the performance of its manufacturing units, and develop new processes. The Group's R&D function employs over 1,200 researchers, mainly split between six research centers located in France, the United States and Japan.

The R&D department, which reports to the Chairman and CEO, coordinates all the Group's research programs on a worldwide scale. It is responsible for ensuring that the strategic projects funded and controlled by the BUs are scientifically and technologically relevant and that they are consistent with the Group's overall strategy. R&D policy and the corresponding level of expenses are adapted in the long term to each of the Group's three segments: Vinyl Products, Industrial Chemicals, and Performance Products. The R&D department focuses on two main areas: ultra high performance polymers and developing solutions for sustainable development. To carry through these projects, it relies on a dedicated structure called "incubator".

Indeed, ARKEMA considers sustainable development as one of the key axes of its research strategy by developing a wide range of innovative materials for its customers in sectors such as energy savings, renewable raw materials, nanostructured materials and by developing the processes of the future.

R&D expenses were split as follows:

- Vinyl Products segment: 13%;
- Industrial Chemicals segment: 33%;
- Performance Products segment: 44%;
- "Corporate" R&D program, to prepare for the innovations of the future, defined each year by the R&D department and submitted to the executive committee for approval: 10%.

By way of examples, in recent years the Group successively introduced:

- in 2006, new molecular sieve grades used in the production of medical oxygen;
- in 2007, a new range of CECABASE®RT bitumen additives for warm bitumen mix, the result of three years' research, rewarded by the Pierre Potier Prize in 2007, and in 2008 by the International Road Federation;

- in 2008, a new range of Evatane® high content vinyl acetate specially developed to meet the needs of the new technologies used to assemble photovoltaic panels;
- Rilsan® Techline: a new Rilsan® grade from the minicoat family for metal hooks and adjusters in garment manufacture;
- new Jarylec® GA and GT additives for optimizing the performance of electric transformers.

The Nano 50™ 2007 award was granted to ARKEMA for its proprietary controlled radical polymerization technology, marketed under the tradename BlocBuilder®.

Drawing on the experience it has gained with Rilsan®, which today is still the only high performance polyamide entirely derived from renewable raw materials, ARKEMA has adopted an eco-design approach through its R&D to develop new bio-sourced products:

- in 2008, a new 50% bio-sourced Rilsan® Clear G830 transparent grade;
- Altuglas® Rnew, an acrylic resin containing 20% renewable carbon;
- PEBAX® Rnew, which can contain up to 95% bio-sourced carbon, and received the Pierre Potier award in 2008.

Numerous collaborations have been entered into with the European Commission (under the 5th and 6th Framework Programs for Research and Technological Development – FPRTD), and with several French organizations such as *Agence nationale de la recherche (ANR, National Research Agency)*, *Agence de l'environnement et de la maîtrise de l'énergie (ADEME, Environment and Energy Agency)* and *Agence de l'innovation industrielle (Industrial Innovation Agency)*, enabling the Group's R&D efforts to enjoy joint public funding. The research projects carried out by the Group over many years with a network of university partners (more than 100 projects) also prove the quality and innovation of its R&D.

In 2008, the European Commission gave its green light to OSEO providing €46 million funding, out of a total cost of €107 million, for the GENESIS program coordinated by ARKEMA, which opens the way to the development in Europe of an innovative and competitive sector in nanostructured materials. The consortium agreement was signed by ARKEMA and its 15 partners on 17 October 2008.

11.1.1 VINYL PRODUCTS SEGMENT

Vinyl Products, some of which are known under the Lacovyl[®], Nakan[®] and Lucobay[®] brand names, have numerous applications in medicine, sports and leisure, automobiles, construction and public works, housing, hygiene and healthcare, household electrical equipment, and water treatment.

The objectives of the segment's R&D are to improve the quality of existing products and to improve the productivity and reliability of the plants by optimizing the processes used.

Thus, R&D has developed new diaphragm electrolysis technologies that have led to considerable progress in industrial health and a reduction in electricity consumption.

In 2008 ARKEMA and AKER Solutions signed a memorandum of understanding for global cooperation on marketing ARKEMA's proprietary PVC technology, making ARKEMA's PVC process one of the world's leading technologies available for license.

11.1.2 INDUSTRIAL CHEMICALS SEGMENT

The objectives of the Industrial Chemicals segment's R&D are to keep the processes competitive and find new applications, as well as new outlets for the Group's products. One of the major aims is therefore the constant improvement of the main processes (acrylics, methacrylics, fluorochemicals and sulfur products) in order to make them safer, more reliable and productive, and therefore more competitive. To this end, R&D uses new raw materials and carries out tests on new catalysts and new types of reactors. In addition, formulation teams work on the development of new applications for products developed by R&D.

The project aiming to produce acrylic acid from renewable raw materials like glycerol is part of this approach.

In 2008, ARKEMA announced its intention to invest in Europe into the production of a new low GWP⁽²⁰⁾ fluorogase, R1234yf, designed to gradually replace from 2011 the HFC 134a gas currently used in automotive air-conditioning circuits.

With this new product, the Industrial Chemicals segment confirms its ambition to follow the trends of its various markets over the long term, in terms of both geography and applications, and to remain one of the world leaders in fluorochemicals.

11.1.3 PERFORMANCE PRODUCTS SEGMENT

The Performance Products segment's R&D is primarily focused on tomorrow's materials.

In 2006, the Group launched a new polyamide under the brand name Rilsan[®] Clear, which combines excellent chemical resistance properties with very high transparency. Thanks to this combination of properties, Rilsan[®] Clear can meet specific needs and demands, for example in the spectacle frame market, particularly in Asia.

Additionally, following years of research and development work, the multilayer structures marketed under the brand name RILPERM[®] produced by the Group for fluid transfer in cars have been approved by several carmakers across the world, thanks in particular to their outstanding resistance to biofuels. The Group was in fact presented an award at the Bioplastics Conference on 6 and 7 December 2006.

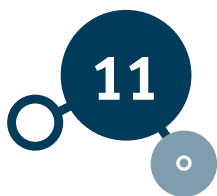
2007 saw the development and commercial launch at the K'07 tradeshow of two new Pebax[®] groups: Pebax Clear[®], a range of transparent materials for sports (ski boots) and leisure (spectacle frames) applications, and the Pebax Rnew[®] range, partly bio-sourced as the polyamide block is PA 11 (the monomer of which is derived from a vegetable oil).

A new polyamide powder was also developed, produced on a pilot line and then on an industrial scale for the cosmetics emulsions market, and was launched at the In Cosmetics tradeshow in Paris under the tradename Orgasol[®] Caresse.

In 2008, several new products were launched on the market:

A Kynar 500[®] PVDF (polyvinylidene fluoride) resin manufactured from a new fluorosurfactant-free process. Perfluorinated surfactants, such

(20) GWP (Global Warming Potential): index characterizing every gas in terms of greenhouse effect.



RESEARCH AND DEVELOPMENT

Industrial property rights

as perfluorooctanoic acid (PFOA), in 2006 came under scrutiny by the US Environmental Protection Agency (EPA). ARKEMA then decided to launch a substitution research program in order to gradually reduce the amounts of fluorosurfactants used in its PVDF resin range.

A new Rilsan® Techline grade, the latest member in the «minicoat» family, from the polyamide / copolyamide powder range.

Additionally, in line with its ongoing expansion strategy in performance materials, ARKEMA acquired at the end of 2008 the American company Oxford Performance Materials, Inc. (OPM), which generates sales of the order of US\$2 million in polyether ketone ketone, which are ultra high performance technical polymers marketed under the tradename OXPEKK®.

Thus the Performance Products segment ensures its growth by broadening its range of products and by adapting its products' performances and functions to new market demands.

The strong reputations of brand names such as Rilsan®, Pebax® and Luperox® are a testimony to the technical excellence of the Performance Products segment.

The ambition of the Performance Products segment is to achieve by 2010 20% of its sales from products developed within the last 5 years.

11.2 Industrial property rights

The Group attaches great importance to industrial property rights, in respect of both its brand names and its patents, in order to protect the innovations developed by R&D and make its products known to its customers.

All the Group's patents and brand names represent an asset that is essential for conducting its business. Nonetheless, the isolated loss of a particular patent or brand name for a product or process would not significantly affect the Group's results, its financial situation, or treasury position.

11.2.1 PATENTS

For the Group, the patent protection of its technologies, products and processes is essential to manage its businesses in the best possible way.

Consequently, the Group registers patents in its main markets to protect new chemical compounds, new high technical performance materials, new synthesis processes for its main industrial products, and new applications for its products.

The number of patents granted and the number of applications filed for patents are good indicators of investments in and quality of R&D. At 31 December 2008, the Group owned 5,682 patents. At the same date, it had 3,458 patents pending (all patent applications made according to a centralized procedure – like that of the World Intellectual Property Organization (WIPO) – are accounted for as one application, even though the application may lead to the granting of several patents, depending on the number of countries covered by the application). During 2008, the Group filed 208 applications for priority patents.

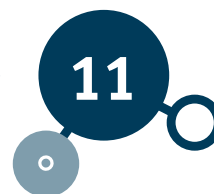
In those countries where the Group seeks patent protection, the duration of that protection is usually the maximum legal duration, namely twenty years, calculated from the time the patent application

was filed. The protection provided can vary from one country to another, depending on the type of patent and its remit. The Group uses patent protection in many countries, mainly in Europe, China, Japan, Korea, North America, India, and more recently South America.

The Group actively protects its markets. To this end, it keeps itself informed about its competitors and defends its patents against any infringement by a third party. It also lodges opposition against them.

The expiry of a basic patent for a product or process can lead to increased competition as other companies start marketing new products. Nonetheless, after the expiry of a basic patent, the Group can, in certain cases, continue to benefit from it commercially thanks to its know-how of a product or process, or because of new patents for applications or for improvements to the basic patent.

The Group also has a policy of acquiring or granting patent licenses to meet its operational needs. Lastly, in respect of inventions made by employees, the Group implemented in 1989 a system ensuring additional remuneration for inventors among its employees if patents for their inventions are commercially exploited.



11.2.2 TRADEMARKS

Protection of brand names varies according to each country. In some countries, this protection stems essentially from usage, whereas in others it can only come from registration of the brand name. Brand name protection rights are obtained either by registering them nationally or through international registrations, or by the registration of Community trademarks. Registrations are usually granted for a period of ten years and are indefinitely renewable.

The Group is developing a centralized and dynamic policy for applying for trademark registrations, using a worldwide network of trademarks attorneys.

In particular, the Group owns as trademarks the names of its leading products. Among its flagship brand names are, for example, Pebax[®], Rilsan[®], Forane[®], Altuglas[®] (a brand name used across the world, apart from the American continent) and Plexiglas[®] (a brand name used only on the American continent) and Coatex[®].

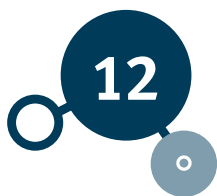
Mindful of the importance of its trademarks portfolio, the Group monitors the brand names registered by companies operating in business sectors that are identical, or similar, to its own, and has a policy of defending its own brand names.

Risks regarding disputes relating to the “ARKEMA” brand are described in section 6.2.6 of this reference document.



12 Information on the Group's trends

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INFORMATION ON THE GROUP'S TRENDS

Factors likely to affect the Group's outlook

12.1 Main trends

In 2008, ARKEMA operated in a tough environment characterized in particular by the sharp decline in demand in many market segments in the 4th quarter 2008, amplified by massive de-stocking by customers. This unprecedented collapse in demand weighed on volumes. Since the beginning of 2009 and up to the date of this reference document, market conditions have not showed any signs of improvement and visibility has remained low.

Furthermore, the business environment in which the Group operates is characterized, at the date of this reference document, by (i) a drop in the cost of energy and some raw materials following the record levels reached in 2008, (ii) a surge in the volatility of markets, (iii) the rise of the Chinese economy despite slower growth than anticipated, (iv) increasing regulations notably in Europe (for instance REACH

regulations), and (v) continuing efforts by the Group's main competitors to improve productivity.

In 2008 and beginning of 2009, the world chemical industry saw several consolidations within the sector (acquisitions of Lucite by Mitsubishi Rayon Corp., of Ciba by BASF, of Rohm & Haas by Dow...) to which the Group pays close attention.

Despite this, there is no reason to expect the long-term growth rates in the Group's main markets as described in chapter 4 of this reference document to be significantly affected over the long term, even if there is no guarantee that these trends will endure, given the many uncertainties over the future of the economy in general, the markets in which the Group is active, raw material prices, energy prices, and exchange rates.

12.2 Factors likely to affect the Group's outlook

Some of the statements regarding the Group's outlook contained in this reference document are based on the current opinions and assumptions of the Group's senior management. This information is subject to certain risks, both known and unknown, and to uncertainties. Consequently, actual results, performance or events may differ substantially from such outlook. Some factors that may influence future results are:

- ▶ general market- and competition-related factors that could affect operations on a global, national or regional scale;
- ▶ changes in the competitive and regulatory environment in which the Group operates;
- ▶ fluctuations in raw materials and energy prices, especially the price of oil and oil derivatives;
- ▶ the Group's sensitivity to fluctuations in interest rates and in currencies other than the euro, particularly the US dollar and currencies influenced by the US dollar;
- ▶ the Group's capacity to introduce new products and to continue to develop its production processes;
- ▶ concentration of customers and of the market;
- ▶ risks and uncertainties relating to conducting business in many countries that may in the future be exposed or have recently been exposed to economic or political instability;
- ▶ changes in economic and technological trends;
- ▶ potential complaints, costs, commitments or other obligations relating to the environment.



13 Outlook

Since its operational creation in October 2004, the Group has undertaken an in-depth transformation by implementing a strategy focused on improving its results and preparing its future growth. This is based on various plans to improve competitiveness, several growth projects, and the selective management of its portfolio. These efforts enabled the Group to improve (i) its EBITDA from €355 million in 2005 to €498 million in 2008 (a 12% average annual growth), and (ii) its recurring operating income from €128 million in 2005 to €250 million in 2008 (a 25% average annual growth).

The Group plans to pursue this strategy over the coming years.

The Group has divested businesses representing sales of some €450 million at the date of this reference document, and so has finalised the €300 to 400 million divestment program it had announced; it also plans to proceed with targeted acquisitions in its core business areas, with the objective of strengthening its best product lines, increasing its integration, and reducing the cyclical nature of its business. Since 2007, ARKEMA has completed a number of acquisitions (including in particular Coatex, the PMMA activities from Repsol, and the organic peroxide activities from the American company GEO Specialty Chemicals) which are perfectly in line with this strategy. These acquisitions represent sales close to €230 million. In March 2008 the Group indicated that it was planning to acquire businesses representing sales between €400 and €500 million over a three-year period, while at the same time ensuring that the Group's gearing remains below 40%. Beginning of 2009, the Group mentioned that it intended to continue to divest small non-core businesses and that it would favor small bolt-on acquisitions if financial flexibility allows.

The Group believes that its strategy will enable it to generate fixed costs savings of €500 million between 2005 and 2010, i.e. a positive impact on the same period of €200 million EBITDA after taking into account inflation on salaries and losses of volumes resulting from restructuring operations. On 15 December 2008, the Group announced a program to further reduce its costs by €50 million by 2010, which should result in a €30 million EBITDA gain.

In an economic environment expected to be tough, the Group announced that in 2009 its first priority would be to generate cash and that it intends to reinforce its cost saving program while continuing to prepare for the long term. Thus, in 2009, the Group intends to (i) reduce its working capital by €100 to 150 million, (ii) limit its capital expenditures to €270 million and (iii) to generate positive free cash flow (excluding the impact of portfolio management).

The Group believes that it can improve its operating margin (EBITDA as a percentage of sales) to a target of around 12% in a normalized economic situation now expected in 2011, equating, at individual business segment level, to: 7 to 9% for Vinyl Products, 14 to 15% for Industrial Chemicals and Performance Products. Additionally, the Vinyl Products segment should account for around 15% of the Group's sales in the future.

The Group has stressed, however, that the uncertainty inherent in the evolution of the cost of debt and in charges for amortization and depreciation means that no forecast or estimate of net income can be derived from this projection.

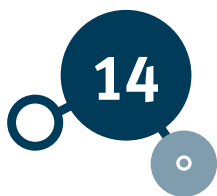
The Group has also stressed that reaching this target for EBITDA relative to sales is based on assumptions deemed fair by the Group within this time frame as of the date of this reference document (in particular evolution of the worldwide demand, conditions for raw materials and energy prices and the balance of supply and demand for products sold by ARKEMA, the prices of these products, and exchange rates). However, this target does not take into account the materialization of some risks described in chapter 6 of this reference document, or unknown factors relating to the economic, financial, competitive or regulatory environment in which the Group operates, liable to affect this objective.

Finally, the Group has also indicated a target for the working capital (end of year) to annual sales ratio of 18% in 2010.



Administrative bodies and general management of the Company

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14.1 Board of Directors

A summary of the main provisions of the Articles of Association applying to the Board of Directors, its operation and its powers is provided in section 15.1 of this reference document.

The table below shows the composition of the Board of Directors at 31 December 2008:

| | |
|---|--|
| <p>THIERRY LE HÉNAFF</p> <p>Main office held within the Company: Chairman and Chief Executive Officer</p> <p>Date of first appointment: 6 March 2006</p> <p>Date appointment expires: AGM held to approve accounts for 2008 financial year</p> <p>Number of shares held at 31 December 2008: 8,806</p> | <p>Current:</p> <p>France</p> <ul style="list-style-type: none"> ➤ Chairman of the Board of Directors, Arkema France <p>International</p> <p>None</p> <p>Held in the past five years but now expired:</p> <p>Expired in 2008</p> <p>None</p> <p>Expired 2004 to 2007</p> <ul style="list-style-type: none"> ➤ Chairman and Chief Executive Officer, Arkema France ➤ Chief Executive Officer, Grande Paroisse ➤ Director, Cray Valley ➤ Director, Bostik Findley S.A. ➤ Director, Cerexagri Inc. |
| <p>FRANÇOIS ENAUD</p> <p>Main office held within the Company: Director</p> <p>Date of first appointment: 10 May 2006</p> <p>Date appointment expires: AGM held to approve accounts for 2008 financial year</p> <p>Number of shares held at 31 December 2008: 301</p> | <p>Current:</p> <p>France</p> <ul style="list-style-type: none"> ➤ Manager, Groupe Steria SCA ➤ Chairman and Chief Executive Officer, Steria S.A. ➤ Director, Steria S.A. ➤ Director, Agence Nouvelle des Solidarités Actives (ANSA) <p>International</p> <ul style="list-style-type: none"> ➤ Director, Steria UK Limited ➤ Director and Chairman of the Board of Directors, Steria Holding Limited ➤ Director, Steria Limited ➤ Member of the Board of Directors, Steria Mummert Consulting GmbH <p>Held in the past five years but now expired:</p> <p>Expired in 2008</p> <ul style="list-style-type: none"> ➤ Chairman and Director, Steria Iberica (until 28 February 2008) <p>Expired 2004 to 2007</p> <ul style="list-style-type: none"> ➤ Director, Harrison & Wolf S.A. ➤ Chairman and Director, Steria Solinsa ➤ Co-manager, Steria GmbH Langen |
| <p>BERNARD KASRIEL</p> <p>Main office held within the Company: Director</p> <p>Date of first appointment: 10 May 2006</p> <p>Date appointment expires: AGM held to approve accounts for 2008 financial year</p> <p>Number of shares held at 31 December 2008: 1,100</p> | <p>Current:</p> <p>France</p> <ul style="list-style-type: none"> ➤ Partner and member of the Management Board, LBO France ➤ Director, Lafarge ➤ Director, L'Oréal <p>International</p> <ul style="list-style-type: none"> ➤ Director, Nucor (USA) <p>Held in the past five years but now expired:</p> <p>Expired in 2008</p> <p>None</p> <p>Expired 2004 to 2007</p> <ul style="list-style-type: none"> ➤ Vice-Chairman of the Board of Directors, Lafarge ➤ Chief Executive Officer, Lafarge ➤ Vice-Chairman and Chief Executive Officer, Lafarge ➤ Director, Sonoco Products Company (USA) |

| | |
|---|---|
| <p>LAURENT MIGNON</p> <p>Main office held within the Company: Director</p> <p>Date of first appointment: 10 May 2006</p> <p>Date appointment expires: AGM held to approve accounts for 2008 financial year</p> <p>Number of shares held at 31 December 2008: 300</p> | <p>Current:</p> <p>France</p> <ul style="list-style-type: none"> ➤ Managing Partner, Oddo et Cie ➤ Chairman and Chief Executive Officer, Oddo Asset Management (since 4 February 2008) ➤ Director, Sequana Capital ➤ Permanent Representative, Oddo et Cie, Managing Partner, Oddo Corporate Finance (since 31 October 2008) ➤ Director, Cogefi SA (since 5 May 2008) ➤ Director, Génération Vie (since 17 June 2008) ➤ Member of the Supervisory Board, Banque postale gestion privée (since 8 July 2008) <p>International</p> <p>None</p> <p>Held in the past five years but now expired:</p> <p>Expired in 2008</p> <ul style="list-style-type: none"> ➤ Chairman of the Supervisory Board, Oddo Corporate Finance <p>Expired 2004 to 2007</p> <ul style="list-style-type: none"> ➤ Chairman and Chief Executive Officer, Banque AGF ➤ Chairman of the Board of Directors, AGF Private Banking ➤ Chairman of the Board of Directors, AVIP ➤ Chairman of the Supervisory Board, AGF Asset Management ➤ Chairman of the Supervisory Board, W Finance ➤ Permanent representative of AGF International on the Board of AGF IART ➤ Permanent representative of AGF Holding on the Board of Bolloré Investissement ➤ Permanent representative of AGF Vie on the Board of Bolloré ➤ Permanent representative of AGF Holding on the Board of AGF Private Equity ➤ Director, Gécina ➤ Chairman of the Board of Directors, AGF Assurances Financières ➤ Chairman of the Board of Directors, Assurances Fédérales IARD ➤ Chairman of the Board of Directors, GIE Placement d'assurance ➤ Vice-Chairman of the Supervisory Board, W Finance ➤ Director, Enténial ➤ Director, Meteo Transformer (Guernsey) ➤ Permanent representative of AGF Holding on the Board of Génération Vie ➤ Permanent representative of AGF Holding on the Board of Métropole S.A. ➤ Permanent representative of AGF on the Board of Worms & Cie ➤ Chairman of the Supervisory Board, AGF Assurances Financières ➤ Chairman and Chief Executive Officer, AGF Vie ➤ Chief Executive Officer, AGF Vie ➤ Deputy Chief Executive Officer, AGF ➤ Chairman of the Board of Directors, AGF IART ➤ Chairman of the Supervisory Board, AGF Informatique ➤ Vice-Chairman of the Board of Directors, Sequana Capital ➤ Member of the Supervisory Board, Euler Hermès ➤ Director, AGF Holding ➤ Deputy Chief Executive Officer, AGF Holding ➤ Director, AGF International ➤ Director, AGF Asset Management ➤ Director, W Finance ➤ Member of the Supervisory Board, Oddo et Cie ➤ Chairman of the Board of Directors, Génération Vie ➤ Chairman of the Board of Directors, Coparc ➤ Vice-Chairman of the Supervisory Board, Euler Hermès ➤ Director, GIE Placements d'assurance ➤ Chairman of the Supervisory Board, AVIP |
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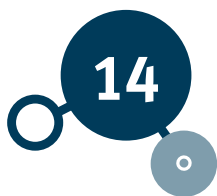


ADMINISTRATIVE BODIES AND GENERAL MANAGEMENT OF THE COMPANY

Board of Directors

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|---|---|
| <p>THIERRY MORIN</p> <p>Main office held within the Company: Director</p> <p>Date of first appointment: 10 May 2006</p> <p>Date appointment expires: AGM held to approve accounts for 2008 financial year</p> <p>Number of shares held at 31 December 2008: 1,000</p> | <p>Current:</p> <p>France</p> <ul style="list-style-type: none"> ➤ Chairman and Chief Executive Officer, Valeo ➤ Chairman of the Board of Directors, Institut National de la Propriété Industrielle (INPI) ➤ Chairman, Valeo Finance ➤ Chairman, Valeo Service ➤ Chairman, Valeo Thermique Habitacle ➤ Manager, Valeo Management Services ➤ Director, CEDEP <p>International</p> <ul style="list-style-type: none"> ➤ Chairman, Valeo SpA ➤ Chairman, Valeo Japan Co., Ltd ➤ Chairman, Valeo (UK) Limited ➤ Manager, Valeo Auto-Electric Beteiligungs GmbH ➤ Manager, Valeo Germany Holding GmbH ➤ Manager, Valeo Grundvermögen Verwaltung GmbH ➤ Manager, Valeo Holding Deutschland GmbH ➤ Director, Valeo Service Espana SA ➤ Director, Valeo Iluminacion SA ➤ Director, Valeo Termico SA <p>Held in the past five years but now expired:</p> <p>Expired in 2008</p> <ul style="list-style-type: none"> ➤ Director, Valeo Systèmes de Liaison (until 2 January 2008) ➤ Chairman of Valeo Espana SA (until 25 January 2008) <p>Expired 2004 to 2007</p> <ul style="list-style-type: none"> ➤ Chairman, Société de Participations Valeo ➤ Chairman, Valeo Bayen ➤ Chairman, Valeo International Holding BV ➤ Chairman, Valeo Holding Netherlands BV ➤ Director, Valeo Climatisation ➤ Director, Valeo Services Ltd |
| <p>JEAN-PIERRE SEEUWS</p> <p>Main office held within the Company: Director</p> <p>Date of first appointment: 10 May 2006</p> <p>Date appointment expires: AGM held to approve accounts for 2008 financial year</p> <p>Number of shares held at 31 December 2008: 3,505</p> | <p>Current: None</p> <p>Held in the past five years but now expired:</p> <p>Expired in 2008 None</p> <p>Expired 2004 to 2007</p> <ul style="list-style-type: none"> ➤ Director, Cook Composites & Polymers ➤ Director, Atofina Delaware Inc ➤ Director, Atofina Chemicals Inc ➤ Director, Total Petrochemicals USA Inc ➤ Director, Total Composites Inc ➤ Director, Bostik Findley Inc ➤ Director, Kalon Group plc |

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|--|---|
| <p>TIDJANE THIAM</p> <p>Main office held within the Company: Director</p> <p>Date of first appointment: 12 September 2006</p> <p>Date appointment expires: AGM held to approve accounts for 2008 financial year</p> <p>Number of shares held at 31 December 2008: 550</p> | <p>Current:</p> <p>France None</p> <p>International</p> <ul style="list-style-type: none"> ➤ Member of the Board of Directors, Prudential Plc ➤ Member of the Board of Directors, Prudential Assurance Company (since 14 April 2008) <p>Held in the past five years but now expired:</p> <p>Expired in 2008 None</p> <p>Expired 2004 to 2007</p> <ul style="list-style-type: none"> ➤ Chairman, Aviva Hayat ve Emeklilik AS ➤ Chairman, Aviva Sigorta AS ➤ Director, Ark Life Assurance Company Limited ➤ Director, Aviva Group Holdings Limited ➤ Director, Aviva Grupo Corporative SL ➤ Director, Aviva International Holdings Limited ➤ Director, Aviva USA Corporation ➤ Director, Aviva Vida y Pensiones ➤ Director, General Accident plc ➤ Director, Hibernian Group plc ➤ Director, Hibernian Life & Pensions Limited ➤ Director, Hibernian Life Holdings Limited ➤ Member of the Supervisory Board, Delta Lloyd NV ➤ Member of the Supervisory Board, Commercial Union Investment Management ➤ Member of the Supervisory Board, Commercial Union Polska ➤ Director of Norwich Union Life, Chairman of the Audit Committee |
| <p>PHILIPPE VASSOR</p> <p>Main office held within the Company: Director</p> <p>Date of first appointment: 10 May 2006</p> <p>Date appointment expires: AGM held to approve accounts for 2008 financial year</p> <p>Number of shares held at 31 December 2008: 300</p> | <p>Current:</p> <p>France</p> <ul style="list-style-type: none"> ➤ Chairman, Baignas S.A.S. ➤ Chairman, DGI Finance SAS (since 30 June 2008) ➤ Director, Groupama S.A. ➤ Director, Infovista and Chairman (since 18 December 2008) <p>International None</p> <p>Held in the past five years but now expired:</p> <p>Expired in 2008 None</p> <p>Expired 2004 to 2007</p> <ul style="list-style-type: none"> ➤ Chairman, Deloitte France |



ADMINISTRATIVE BODIES AND GENERAL MANAGEMENT OF THE COMPANY

Board of Directors

Thierry Le Hénaff

Thierry Le Hénaff, born in 1963, holds degrees from *École polytechnique* and *École nationale des Ponts et Chaussées* and a Master's degree in Industrial Management from Stanford University in the United States. He is a *Chevalier de l'Ordre National du Mérite*.

After starting his career with Peat Marwick Consultants, in 1992 he joined Bostik, Total S.A.'s Adhesives Division, where he held a number of operational positions in France and worldwide.

In July 2001, he was appointed Chairman and Chief Executive Officer of Bostik Findley, the new entity resulting from the merger of Total S.A.'s and Elf Atochem's Adhesives divisions.

On 1 January 2003, he joined Atofina's Executive Committee, where he was in charge of three BUs (Agrochemicals, Fertilizers and Thiochemicals) and three functional divisions.

He has been Chairman and Chief Executive Officer of Arkema S.A. since 6 March 2006, and Chairman of the Board of Directors of Arkema France since 18 April 2006, in which he was Chairman and Chief Executive Officer since 2004.

François Énaud

François Énaud, born in 1959, holds a degree from the *École Polytechnique* and graduated as a civil engineer from the *École nationale des Ponts et Chaussées*. He has been Chairman and Chief Executive Officer of Steria since 1998.

After spending two years with Colas as works engineer (1981-1982), François Énaud joined Steria in 1983, where he held various management positions (Technical and Quality division, Chief Executive Officer of a subsidiary, Transport division and Telecom division), before becoming Chief Executive Officer.

Bernard Kasriel

Bernard Kasriel, born in 1946, holds a degree from *École Polytechnique*, and a Master of business administration from Harvard Business School and from INSEAD. He has been a partner of LBO France since September 2006.

He joined Lafarge in 1977 as Executive Vice-President (and then Chief Executive Officer) of the health division. He was appointed Executive Vice-President of the Lafarge group and member of its executive committee in 1981. After spending two years in the United States as Chairman and Chief Operating Officer of National Gypsum, in 1989 he became Director and Chief Executive Officer, then Vice-Chairman and Chief Executive Officer of Lafarge in 1995. He was Chief Executive Officer of Lafarge from 2003 to end 2005.

Before joining Lafarge, Bernard Kasriel had begun his career at the *Institut de développement industriel* (1970), before becoming Chief Executive Officer in regional companies (1972), and then joining the *Société Phocéenne de Métallurgie* as Executive Vice-President (1975).

Laurent Mignon

Laurent Mignon, born in 1963, is a graduate of HEC and the Stanford Executive Program. He has been Managing Partner of the private bank Oddo et Cie since September 2007.

Before joining Oddo et Cie, he spent 10 years with the AGF group. He joined AGF in 1997 as Chief Financial Officer, and was appointed member of the executive committee in 1998. In 2002 he was appointed to head the investment activities of Banque AGF, of AGF Asset

Management and of AGF Immobilier; in 2003, of the Life and Financial Services sector (asset management, banking activities, real estate) and of Credit Insurance (Euler Hermes group). He was appointed Chairman of the Executive Committee in January 2006.

In addition to his functions as Managing Partner of Oddo et Cie, he is a member of the Board of Directors of Sequana Capital, Chairman of the Supervisory Board of Oddo Corporate Finance, and Chairman and Chief Executive Officer of Oddo Asset Management.

Before joining the AGF group, for over 10 years he held various positions in the banking business, ranging from trading to investment banking. In particular, he was a trader, then head of currency options trading at Indosuez Bank (1986-1990), deputy Director of Financière Indosuez (1990-1995), and head of mergers and acquisitions of financial institutions in France for Schroders Bank (London, 1996).

Thierry Morin

Thierry Morin, born in 1952, holds an MBA from Paris IX – Dauphine University.

An *Officier* in the *Ordre National du Mérite*, and a *Chevalier de la Légion d'Honneur et des Arts et des Lettres*, he is also Chairman of the Board of Directors of INPI (*Institut National de la Propriété Industrielle*) and a Director of CEDEP.

Thierry Morin joined the Valeo group in 1989, where he held various positions (business segment financial director, group financial director, and director for purchases and strategy) before becoming Executive Vice-President in 1997, Chief Executive Officer in 2000, Chairman of the Executive Board in 2001, then Chairman and Chief Executive Officer from March 2003 to March 2009. Prior to that, he had been in charge of various functions at Burroughs, Schlumberger and Thomson Consumer Electronics.

Jean-Pierre Seeuws

Jean-Pierre Seeuws, born in 1945, holds a degree from *École polytechnique*.

In 1967 he joined Rhône-Poulenc, where he was responsible for the production and chemical engineering sectors. In 1981, he became Chief Executive Officer of the Base Mineral Chemicals, Films and then Fine Minerals businesses. In 1989 he joined Orkem as divisional Chief Executive Officer and became Deputy Chief Executive Officer of Total's Chemicals business (and a member of the Management Committee) in 1990. He has been Chief Executive Officer of Total's Chemicals business since 1995 and Chairman of Hutchinson since 1996. He was a member of Total S.A.'s Executive Committee between 1996 and 2000.

Between 2000 and 2005, Jean-Pierre Seeuws was Total's general delegate for Chemicals in the United States and Chief Executive Officer of Atofina Chemicals Inc. and Total Petrochemicals Inc.

Tidjane Thiam

Tidjane Thiam, born in 1962, is a graduate of *École Polytechnique*, has a civil engineering degree from *École nationale supérieure des Mines de Paris*, and an MBA from Insead. He has been Group Chief Financial Officer and a member of the Board of Directors of Prudential plc since September 2007.

From 1986 to 1994, he was a strategic consultant with McKinsey & Company in France and the United States. From 1994 to 1998, he was Director General of the *Bureau national d'études techniques et de développement* (BNETD), reporting to the office of the President

of the Republic of Côte d'Ivoire. He was Minister for Planning and Development in Côte d'Ivoire from 1998 to 1999, and was named a member of the Dream Cabinet by the World Economic Forum in Davos. He was then a partner at McKinsey in Paris from 2000 to 2002. He joined the Aviva Group in 2002 as Head of Group Strategy and Development in London, followed by Chief Executive Officer of Aviva International, and later Chief Executive Officer of Aviva Europe until September 2007 when he joined the Prudential group.

Tidjane Thiam is also a member of the Board of Directors of Mosaic, a charitable organization set up by HRH The Prince of Wales, a member of the Overseas Development Institute Board in London, and a sponsor of Opportunities International, an ONG devoted to the global promotion of microfinance.

14.2 Management

Thierry Le Hénaff, Chairman of the Board of Directors, also serves as Chief Executive Officer, under the conditions specified in sections 14.1 and 15.5 of this reference document.

The Chairman has set up an Executive Committee to assist him in the management of the Group.

The following people sit on the Executive Committee: Thierry Le Hénaff, Bernard Boyer, Michel Delaborde, Alain Devic, Pierre Chanoine, Thierry Lemonnier, Marc Schuller and Otto Takken.

Thierry Le Hénaff

See section 14.1 above.

Bernard Boyer

Bernard Boyer, born in 1960, holds degrees from *École Polytechnique* and *École nationale supérieure des pétroles et moteurs*.

He has spent his career working in the chemicals industry in operational positions, starting out in a factory then moving to Elf Atochem's head office (Finance & Strategy), from 1992 to 1998. In 1998, he joined Elf Atochem's Adhesives affiliate as executive vice-president. He was appointed Atofina's Director of Acquisitions and Divestitures in 2000, then Director of Economy, Planning and Strategy, Acquisitions and Divestitures at the end of 2003.

As of the date of this reference document, Bernard Boyer is the Executive Vice-President with responsibility for Strategy, responsible for strategic planning, economic research, acquisitions and disposals, internal auditing, insurance and risk management.

Michel Delaborde

Michel Delaborde, born in 1956, holds a degree in economics from *Université de Paris, Sorbonne*.

In 1980 he joined Total where he was in charge of human resources for both head office and refineries. After two years as head of the

Philippe Vassor

Philippe Vassor, born in 1953, holds a degree from *École supérieure de commerce* in Paris and is also a chartered accountant and auditor.

He has been the president of Baignas S.A.S. since June 2005.

Philippe Vassor spent the core of his professional career (1975 to 2005) at Deloitte & Touche where he became Chairman and Chief Executive Officer for France and a member of the worldwide Executive Group, responsible for human resources (from 2000 to 2004).

human resources department Trading & Middle-East head office, he was put in charge of communication for Total in 1996, serving as director of communications first for TotalFina, then for TotalFinaElf after the merger in 1999. In 2002 he joined Atofina as director of human resources and communication and was appointed to the Chemicals Executive Committee of Total.

As of the date of this reference document, Michel Delaborde is Executive Vice-President with responsibility for Human Resources and Communication.

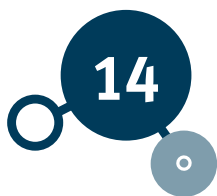
Alain Devic

Born in 1947, Alain Devic is a graduate of *École centrale*. For over 30 years, he has held a variety of positions in production facilities and in corporate offices in the French chemical industry.

After holding various positions as engineer with Éthylène Plastiques and CdF Chimie, Alain Devic was assigned to Qatar in 1980 as operations manager running the steamcracker of Qapco. Between 1982 and 1993, Alain Devic held a variety of managerial positions in production, planning/strategy and as plant manager with Copenor and later Norsolor and Grande Paroisse. In 1993, he became managing director of Elf Atochem's petrochemicals complex in Gonfreville.

In 2000, he was appointed director – Industrial Coordination and Human Resources at the head office of the newly created Atofina, before becoming Vice-Executive Officer in June 2002. He was also President of *Union des industries chimiques* from March 2004 to June 2008.

As of the date of this reference document, Alain Devic is Executive Vice-President with responsibility for Industry. In this capacity, he oversees Industrial Safety, Environment and Sustainable Development, Technology, Logistics, Quality, and Goods and Services Procurement.



ADMINISTRATIVE BODIES AND GENERAL MANAGEMENT OF THE COMPANY

Declarations regarding administrative bodies

Pierre Chanoine

Pierre Chanoine, born in 1949, is a graduate of *École supérieure de commerce* in Reims and also holds an MBA from Sherbrooke University (Canada). He began his career in 1974 at Elf Aquitaine. After holding a number of financial positions, he joined Texas Gulf in the US in 1989, in charge of commercial development export. From 1991 to 2001 he was in charge of Corporate Planning and Strategy, and later the Chlorine/Caustic Soda business at Elf Atochem. After holding a position in Spain, in 2002 he became Group President in charge of Atofina's Urea Formaldehyde Resins business.

As of the date of this reference document, Pierre Chanoine is Executive Vice-President in charge of Performance Products, and oversees the Fluorochemicals Business Unit.

Thierry Lemonnier

Thierry Lemonnier, born in 1953, is a graduate of *École nationale supérieure de géologie* in Nancy and holds a Master's degree from Stanford University in the United States.

He joined Total S.A. in 1979 as an economist engineer at the Exploration/Production segment. In 1983, he joined Total S.A.'s Finance/Treasury department. In 1987, he was appointed head of Downstream Affiliates Operations, and in 1993 became Chief Financial Officer for Refining/Marketing. In 2000 he was appointed director of Chemical Affiliates Operations. He then joined Total's Chemical branch in 2001 and was appointed to the Executive Committee, in charge of finance, controlling and accounting.

As of the date of this reference document, Thierry Lemonnier is Executive Vice-President and Chief Financial Officer and is thus responsible for accounting, management control, cash management, legal issues, tax issues, investor relations and IT systems.

Marc Schuller

Marc Schuller, born in 1960, is a graduate of *École supérieure des sciences économiques et commerciales*. He joined Orkem in 1985 as acrylics product manager.

In 1990 he joined the Strategy Segment of Total Chimie and in 1992 he became deputy managing director of the Structural Resins department at Cray Valley. In 1995, he was appointed commercial director Petrochemicals/Special Fluids at Total, and later director Base Petrochemicals at TotalFina.

In 2000, Marc Schuller was appointed director of Atofina's Butadiene/Aromatics BU, and special project manager for the Chairman. In 2003, he became director of the Thiochemicals and Fine Chemicals BU.

As of the date of this reference document, Marc Schuller is Executive Vice-President in charge of Industrial Chemicals. He also oversees Raw Material and Energy Procurement, as well as the Functional Additives Business Unit.

Otto Takken

Otto Takken, born in 1951, is a chartered accountant and holds a Master of Business Administration.

After a number of years as sales manager for a Netherlands-based group, Otto Takken joined the Elf Aquitaine group in 1981, first as Deputy Finance Director in the Exploration-Production division in the Netherlands, then as Head of Project Financing in the Finance division in Paris, and later as Group Finance Director for Refining and Marketing in Germany. In 1999 he moved to the United States to become both Executive Vice-President of Total Holding USA, a holding company for the Total group's assets in the United States, and Finance Director at Atofina Chemicals Inc.

Otto Takken was appointed in 2004 Chief Executive Officer of Alphacan, the leading company in the plastics processing market.

As of the date of this reference document, Otto Takken is Executive Vice-President in charge of Vinyl Products, also overseeing the Group's American affiliates.

14.3 Declarations regarding administrative bodies

As of the date of this reference document there are no family ties between members of the Board of Directors and members of the Executive Committee.

As of the date of this reference document, no member of the Board of Directors or of the Executive Committee has been:

- convicted of fraud during the past five years;
- implicated in a bankruptcy, receivership or liquidation during the past five years;

- charged with any offence or any official public sanction taken against them by statutory or regulatory authorities during the past five years.

To the best of the Company's knowledge, no corporate officer or director has been barred by a court from acting as a member of an administrative, management or supervisory body of an issuer or from participating in the management or conducting the business of a listed company over the past five years.

14.4 Conflicts of interest within administrative bodies and management

There are no potential conflicts of interest between the duties to the Company of the members of the Board of Directors and the senior management and their private interests.

The Company has set up measures to prevent potential conflicts of interest between the directors and the Company, as described in section 15.3.2 of this reference document.

14.5 Information regarding service contracts

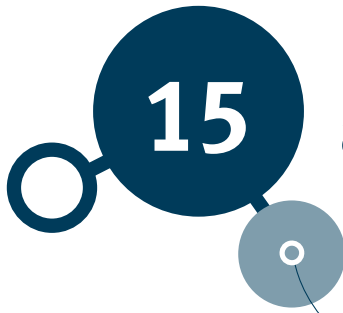
None.

14.6 Stock transactions by the directors and members of the Executive Committee of Arkema S.A.

Pursuant to article 223-26 of the General Regulation of the *Autorité des marchés financiers*, the following table features the operations

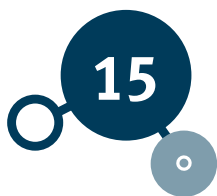
declared by the individuals mentioned in article L.621-18-2 of the *Code monétaire et financier* (Monetary Financial Code) in 2008:

| | Financial instrument | Nature of operation | Date of operation | Place of operation | Unit price | Amount of operation |
|-------------------|---|--------------------------|-------------------|--------------------|------------|---------------------|
| Bernard Boyer | Shares in FCPE Arkema Actionnariat France | Subscription | 30 April 2008 | Paris | €30.42 | €30,420 |
| | Shares | Exercising stock options | 10 September 2008 | Paris | €28.36 | €32,614 |
| Pierre Chanoine | Shares in FCPE Arkema Actionnariat France | Subscription | 30 April 2008 | Paris | €30.42 | €30,420 |
| Michel Delaborde | Shares in FCPE Arkema Actionnariat France | Subscription | 30 April 2008 | Paris | €30.42 | €30,420 |
| Alain Devic | Shares in FCPE Arkema Actionnariat France | Subscription | 30 April 2008 | Paris | €30.42 | €30,420 |
| Bernard Kasriel | Shares | Purchase | 16 October 2008 | Paris | €19 | €9,538 |
| Thierry Lemonnier | Shares in FCPE Arkema Actionnariat France | Subscription | 30 April 2008 | Paris | €30.42 | €30,420 |
| Marc Schuller | Shares in FCPE Arkema Actionnariat France | Subscription | 30 April 2008 | Paris | €30.42 | €30,420 |
| Otto Takken | Shares in FCPE Arkema Actionnariat France | Subscription | 30 April 2008 | Paris | €30.42 | €30,420 |



Functioning of administrative and management bodies

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FUNCTIONING OF ADMINISTRATIVE AND MANAGEMENT BODIES

Functioning and powers of the Board of Directors

The following preamble together with sections 15.3, 15.4, 15.5 and 15.7 of this reference document constitute the report required under article L.225-37 of the *Code de commerce* (Commercial Code).

In accordance with the requirements of article L.225-37 of the *Code de commerce*, the Chairman of the Board of Directors has prepared a report dated 4 March 2009 detailing:

- conditions for the preparation and organization of the work of the Board of Directors;
- the rules and principles approved by the Board of Directors to determine the compensation and benefits in kind allocated to directors;
- the internal control procedures adopted by the Company; and

- any limits imposed on the powers of the Chief Executive Officer.

Note that the requirements regarding shareholder participation in annual general meetings are set out in articles 16.3 to 16.6 of the Company's Articles of Association, and factors likely to have an impact in the event of a public offering are featured in the Board of Directors' management report referred to in article L.225-100 of the *Code de commerce*.

This report has been drawn up by a working group in the Finance Department, consisting of representatives from the legal department and the head of the Internal Management Control department. It was submitted to the Audit and Accounts Committee on 27 February 2009 and approved by the Board of Directors on 4 March 2009.

15.1 Functioning and powers of the Board of Directors

15.1.1 POWERS OF THE BOARD OF DIRECTORS (ARTICLE 13 OF THE ARTICLES OF ASSOCIATION)

The Board of Directors determines the guidelines governing the Company's activity and oversees their application. Subject to those powers expressly conferred on the shareholders meetings and within the limits of the Company's corporate purpose, the Board of Directors considers any issue involving the proper operation of the Company and settles matters falling within its competence through its decisions.

The Board of Directors performs such auditing and verification that it considers appropriate. Each director shall receive from the Chairman of the Board of Directors or the Chief Executive Officer the information necessary for the performance of their duties.

15.1.2 COMPOSITION OF THE BOARD OF DIRECTORS

Directors appointed by the general meeting (article 10 of the Articles of Association)

The Company is administered by a Board of Directors, the minimum and maximum number of members of which are defined by the applicable laws. Directors are appointed, revoked and replaced under the terms and conditions set forth in the applicable laws and regulations.

Each director must hold at least 300 of the Company's shares throughout their term of office.

Subject to the laws applicable to provisional appointments made by the Board of Directors, the directors shall serve for a term of office of three years. The directors' term of office expires at the end of the ordinary general meeting called to vote on the accounts for the previous fiscal year and to be held during the year in which the term expires. The age limit for directors is 67. When a director has reached this age during his term of office, such term shall automatically come to an end.

Directors may receive, as attendance fees, a fixed sum per year, the amount of which is determined by the general meeting and remains in

force until adoption of a new resolution. The Board freely distributes attendance fees among its members. In particular, it may allocate to directors who are also members of the committees provided by the Articles of Association a higher portion than that allotted to the other directors. The Board may allocate exceptional compensation to the directors for their performance of missions or mandates assigned thereby.

Costs incurred by the directors in the performance of their duties shall be reimbursed by the Company upon presentation of relevant proof thereof.

It will be proposed to the combined annual general meeting on 15 June 2009 to modify article 10.1.2 of the Articles of Association to increase the term of office of directors to 4 years thus enabling a staggering renewal of the directors' terms of office (see annex 4 "Draft resolutions proposed to the combined general meeting on 15 June 2009").

Director representing employees and appointed by the general meeting (article 10.2 of the Articles of Association)

When the report presented by the Board of Directors at the general meeting pursuant to article L.225-102 of the *Code de commerce* states that the number of shares held by employees of the Company and affiliated companies within the meaning of article L.225-180 of said Code amounts to over 3% of the share capital, a director representing the employee shareholders is appointed by the ordinary general meeting in accordance with the procedures set forth by laws and regulations in force and by the Articles of Association, insofar as the Board of Directors does not already include among its members a director representing employee shareholders or an elected employee.

15.1.3 MEETINGS OF THE BOARD OF DIRECTORS (ARTICLE 12 OF THE ARTICLES OF ASSOCIATION)

Board of Directors meetings are called as often as required to serve the Company's interest, at the registered office or at any other location indicated in the convening notice.

The convening notice may be delivered without a notice period and by any means, even verbally in urgent cases. The Board of Directors may take valid decisions, even if not convened by a notice, if all of its members are present or represented. Prior to the meeting, directors

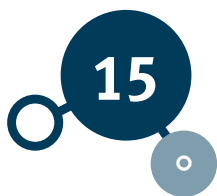
shall receive the agenda for the meeting and, wherever circumstances allow, a file containing the agenda, minutes of the previous meeting of the Board of Directors, and documentation relating to each agenda item.

Board of Directors meetings are chaired by the Chairman of the Board or, in his absence, by the oldest director in attendance.

15.1.4 QUORUM AND MAJORITY (ARTICLE 12 OF THE ARTICLES OF ASSOCIATION)

The validity of the Board of Directors' decisions requires at least half of directors to be present, or, when allowed by law, deemed to be present, under the conditions defined by article 2.3 of the Internal Regulations drawn up by the Board of Directors, through videoconferencing or telecommunications means that comply with the technical attributes specified by the laws and regulations in force.

Decisions are taken by a majority of votes of the directors present, deemed to be present or represented. In the event of a tie vote, the Chairman of the meeting holds the casting vote.



15.2 Chairman of the Board of Directors and Chief Executive Officer

15.2.1 APPOINTMENT OF THE CHAIRMAN (ARTICLE 11 OF THE ARTICLES OF ASSOCIATION)

The Board appoints a chairman, who must be a natural person, from among its members. The term of office of the chairman automatically ends upon the chairman's sixty-seventh birthday, at the latest.

However, the chairman shall remain in office until the Board of Directors meeting called to appoint his successor.

15.2.2 DUTIES AND RESPONSIBILITIES OF THE CHAIRMAN (ARTICLE 11 OF THE ARTICLES OF ASSOCIATION)

The chairman represents the Board of Directors. He organizes and directs the Board's work and reports thereon to the general meeting. He ensures that the Company's bodies are operating properly and,

more particularly, that the directors are able to carry out their duties. The Board may revoke the chairman's appointment at any time.

15.2.3 MAXIMUM AGE OF THE CHIEF EXECUTIVE OFFICER (ARTICLE 14.2 OF THE ARTICLES OF ASSOCIATION)

During his term of office, the Chief Executive Officer must be less than 67 years old. Once he has reached this age during his term of office, his term shall expire automatically and the Board of Directors shall appoint a new Chief Executive Officer. However, the Chief Executive

Officer shall remain in office until the date of the Board of Directors' meeting called to appoint his successor. Subject to the aforesaid age limit, the Chief Executive Officer may be re-elected for an unlimited number of terms.

15.2.4 REVOCATION AND IMPEDIMENT (ARTICLE 14.3 OF THE ARTICLES OF ASSOCIATION)

The Chief Executive Officer's appointment may be revoked at any time by the Board of Directors, pursuant to the applicable laws and regulations.

In the event that the Chief Executive Officer becomes temporarily unable to fulfil his duties, the Board of Directors may delegate the functions of Chief Executive Officer to a director.

15.3 Conditions for the preparation and organization of the work of the Board of Directors

As part of its corporate governance approach, the Company put in place in 2006 a set of measures defined in accordance with the AFEP-MEDEF reports which have inspired in particular the drafting of the Board of Directors' internal regulations. In line with this approach, the Board of Directors of 12 November 2008 decided that the AFEP-MEDEF code incorporating the recommendations of 6 October 2008 (available on the website www.medef.fr) would be the code to which the Company would refer in terms of corporate governance, noting that a large number of principles recommended in the code were already implemented by the Company. The Company adopted all the principles detailed in the AFEP-MEDEF code.

Note that as no decision to allocate shares or stock options have been taken by the Board since 6 October 2008, the principles -where applicable- referred to in chapter 20.2.3 entitled « *Options d'actions et actions de performance* » of the said code yet to be implemented by the Company will be examined by the Board of Directors when it next decides to allocate shares or stock options.

The composition and functioning of the Company's Board of Directors are determined by current laws and regulations, by the Company's Articles of Association, and by the Board of Directors' internal regulations, the main clauses of which are summarized or reproduced below.

Note that the Board of Directors on 6 March 2006 voted not to separate the roles of Chairman of the Board and Chief Executive Officer, and appointed Thierry Le Hénaff as Chairman of the Board and Chief Executive Officer for the period of his term of office. Given the organization of the Group's senior management by business segment and functional divisions, the decision by the Board of Directors to opt for the plurality of offices for the Chairman and Chief Executive Officer is proving an effective way to ensure efficient coordination within the Group.

The Board of Directors consists of eight Directors, including six independent directors in the sense of the criteria set by the internal regulations for the Board of Directors. As all members of the Board of Directors were appointed directors during 2006 for a period of three years in accordance with the Articles of Association, the principle set out in article 12 of the said code relating to the staggering of the renewal of terms of office could not be applied by the Company.

Duties and responsibilities of the Board of Directors

The Board of Directors determines the guidelines governing the Company's activity and oversees their application. Subject to those powers expressly conferred on the shareholders and within the limits of the Company's corporate purpose, the Board of Directors considers any issue involving the proper operation of the Company.

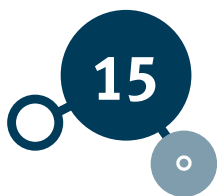
To this end, it must review strategic developments in the Group, monitor their implementation and management, take decisions regarding major transactions, monitor the quality of information supplied to shareholders and the markets, and ensure the quality of the Board of Directors' operations.

The Board of Directors meets at least four times each year and as often as the interests of the Company demand.

Prior to the meeting, directors shall receive the agenda for the meeting and, wherever circumstances allow, a file containing the agenda, minutes of the previous meeting of the board of directors, and documentation relating to each agenda item.

In accordance with the internal regulations of the Board of Directors and of its committees, some subjects are submitted for prior review by the appropriate committee before being presented to the Board of Directors for approval. Such subjects include (i) for the Audit and Accounts Committee the review of financial statements, the examination of internal control procedures, the activities of the statutory auditors and financial transactions, and (ii) for the Nominating and Compensation Committee the remuneration policy and the employee share ownership schemes. The Committees exercise their proceedings under the responsibility of the Board of Directors.

Furthermore, note that in accordance with the internal regulations of the Board of Directors, directors, where possible, attend every Board meeting and meeting of the committees of which they are a member, as well as the general meetings.



FUNCTIONING OF ADMINISTRATIVE AND MANAGEMENT BODIES

Conditions for the preparation and organization of the work of the Board of Directors

15.3.1 ACTIVITY OF THE BOARD OF DIRECTORS

The Board of Directors met five times in 2008. The average attendance rate for all directors at these meetings was 87.5%.

The agenda for these meetings included:

- approval of the 2007 accounts, consideration of quarterly and half-yearly results, and review of the associated press releases;
- notice of annual general meeting;
- annual reports on the work of the Audit and Accounts Committee and the Nominating and Compensation Committee;
- annual assessment of the Board of Directors;
- assessment of the independence of the directors;
- review of the reports of the specialized committees;
- setting of the fixed and variable parts of the compensation for the Chairman and Chief Executive Officer for 2008 and the performance conditions for compensation in the event of removal from office pursuant to the law of 21 August 2007;
- setting of the powers of the Chief Executive Officer in the granting of deposits, advance payments and guarantees;
- consideration of stock option and free share allocation programs;
- review of compensation for the Executive Committee (“Comex”);
- Group insurance and safety policies;
- share capital increase reserved for Group employees; and

- various decisions concerning in particular the implementation of the share buy-back program or the cancellation of shares.

Between the beginning of 2009 and the meeting called to review the accounts for the 2008 financial year, held on 4 March 2009, the Board of Directors met twice, with an average attendance rate of 81.2%. These meetings discussed a review of the accounts for the year to 31 December 2008, the notice of the annual general meeting, the review of the 2009 budget, the assessment of the independence of directors, the annual reports from the specialized committees, a review of the terms of office for the Chairman and Chief Executive Officer, and the allocation of attendance fees for 2008.

In accordance with its internal regulations, the Board of Directors carried out its annual assessment for 2008, which was the subject of the Board of Directors’ discussions at its meetings on 20 January 2009 and 4 March 2009. This assessment was conducted with the help of a specialist consultancy firm on the basis of individual interviews with each director and Committee secretary, regarding their assessment of the organization and functioning of the Board of Directors. The topics covered included in particular the functioning of both committees and their interaction with the Board of Directors, the composition of the Board of Directors, the information of the directors, and the quality of the debates.

This audit report was presented to the Board of Directors meeting on 4 March 2009. Areas with room for improvement concerned notably the introduction of staggering for the directors’ terms of office.

15.3.2 INTERNAL REGULATIONS OF THE BOARD OF DIRECTORS

In order to comply with best corporate governance practices, the Company’s Board of Directors has adopted a charter setting out the rights and obligations of the directors.

Independent directors

In accordance with the recommendations of the AFEP/MEDEF report, the Board of Directors decided that it should comprise a majority of independent directors. Decisions regarding the independence of directors are made by the Nominating and Compensation Committee as described below.

An independent director is a director who has no relationship whatsoever with the Company, its Group or its management, *i.e.*, in particular, a director who:

- is not an employee or executive of the Company, an employee or director of its parent company, if any, or of a company consolidated within the Company and who has not served in such a capacity during the previous five years;

- is not a corporate officer of a company in which the Company directly or indirectly holds a seat as director, or in which an employee appointed as such or a corporate officer of the Company (who currently holds such a position or has held such a position during the previous five years) holds a seat as director;
- is not a significant customer, supplier, corporate banker, or investment banker of the Company or its Group, or for whom the Company or the Group accounts for a material part of its business;
- has no close family ties with a corporate officer of the Company;
- has not, during the previous five years, served as statutory auditor of the Company, or of a company that holds at least 10% of the Company’s share capital or of the share capital of a company in which the Company held an interest of at least 10% as of the end of their term of service;
- has not been a director of the Company for more than twelve years;

- is not or does not represent a significant shareholder in the Company, *i.e.* a shareholder holding more than 10% of the Company's share capital or voting rights.

Following this analysis the Board of Directors on 20 January 2009 accepted the Nominating and Compensation Committee's recommendation that the following directors be considered as independent: François Enaud, Bernard Kasriel, Thierry Morin, Laurent Mignon, Tidjane Thiam and Philippe Vassor.

The offices held by the directors in other companies are listed in the Board of Directors' management report in accordance with article L.25-102-1 of the *Code de commerce*.

Duty of loyalty

A director may not use his title or functions as director to secure any advantage, whether monetary or otherwise, for himself or any third party. The director undertakes to notify the Board of any agreement between the said director and the Company, entered into directly or via an intermediary, or in which he has an indirect interest, prior to entering into such agreement. The director undertakes not to assume any duties in companies or business activities that are in competition with the Company without previously notifying the Board of Directors and the Chairman of the Nominating and Compensation Committee.

Independence of directors and conflicts of interest

All directors undertake to maintain their independence of analysis, judgment, decision-making and action under all circumstances. Directors undertake not to seek or accept from the Company or any companies directly or indirectly affiliated therewith, any advantages that are liable to be construed as jeopardizing their independence.

Directors shall notify the Board of any conflict of interest, whether direct or indirect, actual or potential, with the Company. In such cases, the relevant director shall abstain from voting on any resolution submitted to the Board and from participating in any discussions preceding such voting. The Chairman may ask such a director not to attend the meeting. An exception shall be made to this provision if all directors were to abstain from voting in application thereof.

Self-assessment of the Board of Directors

Every year, the Board of Directors shall hold a debate on its functioning.

Communication of information to directors

Prior to each Board of Directors meeting, a file shall be sent to each director in sufficient time before the meeting, providing information on items on the agenda to be discussed that require special analysis and prior consideration, whenever this can be accomplished without any breach of confidentiality.

However, in the event of an emergency meeting in special circumstances, such information may be sent to the directors within a shorter period of time, or provided at the beginning of the meeting.

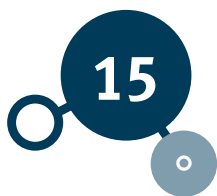
Directors may require from the Chairman or Chief Executive Officer any additional information they may consider necessary to properly fulfill their duties, particularly in the light of the meeting's agenda.

Training

Directors may, if they deem it necessary, request, at the time of their appointment or during their term of office, additional training on the Group's specific features, businesses, and areas of activity. This training is organized by the Company and paid for by the Company.

Confidentiality

All documents provided for Board meetings and all information collected during or outside Board meetings (the Information) are confidential, without exception, whether or not the Information collected is presented as being confidential. Directors undertake not to express their individual views on matters brought before the Board of Directors outside the boardroom.



FUNCTIONING OF ADMINISTRATIVE AND MANAGEMENT BODIES

Conditions for the preparation and organization of the work of the Board of Directors

15.3.3 BOARD OF DIRECTORS' COMMITTEES

In accordance with its internal rules, the Board of Directors has set up two specialized committees, an Audit and Accounts Committee and a Nominating and Compensation Committee. The composition, purpose, organization and activity in 2008 of these two committees are reported below.

The Board of Directors has established internal regulations for each of these specialized committees, the main provisions of which are summarized below.

15.3.3.1 The Audit and Accounts Committee

The Audit and Accounts Committee consists of Philippe Vassor (Chairman), Jean-Pierre Seeuws and Laurent Mignon; thus two of its three members, including its Chairman, are independent. Thierry Lemonnier, Chief Financial Officer of the Group, is the committee's secretary.

Composition (article 2 of the internal regulations)

The Committee comprises at least three directors appointed by the Board of Directors. In selecting the Committee members, the Board of Directors shall grant special attention to their qualifications in the area of finance and accounting. A majority of the Committee members shall be independent directors. The Chairman of the Audit and Accounts Committee shall be an independent director.

Notwithstanding a reasoned decision to the contrary by the Board of Directors, no Committee member shall hold more than two other offices as a member of the audit and accounts committee of a listed company in France or abroad.

The Board of Directors shall ensure that it does not appoint to the Audit and Accounts Committee a director from a company on whose audit committee one of the Company's directors also holds a seat.

Committee members may receive from the Company only those attendance fees due in consideration for serving as director and Committee member.

The term of office of Committee members shall coincide with their term of office as director. The term of office of a Committee member may be renewed at the same time as his term of office as director. However, the Board of Directors may modify the composition of the Committee at any time.

Duties (article 1 of the internal regulations)

In order to enable the Company's Board of Directors to ensure the quality of internal control and the reliability of information provided to shareholders and to the financial markets, the Committee performs the following roles:

- ▶ it submits recommendations on the appointment of the statutory auditors and their remunerations, in compliance with independence requirements;
- ▶ it ensures compliance with all applicable laws and regulations when statutory auditors are commissioned to perform work other than auditing the accounts;

- ▶ it reviews the options and assumptions used in preparing financial statements, reviews annual consolidated accounts, half-yearly and quarterly financial information and the full year financial statements and forecasts of Arkema S.A. prior to their consideration by the Board of Directors, and assesses the accounting content of press releases prior to their issue;
- ▶ it assesses the suitability and consistency from year to year of accounting principles and policies;
- ▶ it assesses internal control procedures;
- ▶ it reviews the work programs of external and internal auditors;
- ▶ it reviews audit work;
- ▶ it assesses the organization of delegations of commitment authority;
- ▶ it assesses the suitability of risk monitoring procedures;
- ▶ it reviews the conditions for using derivatives;
- ▶ it considers major transactions planned by the Group;
- ▶ it remains regularly updated on developments in significant claims and disputes;
- ▶ it reviews the main off balance sheet undertakings, particularly the most significant new undertakings;
- ▶ it prepares and submits reports as provided by the internal regulations of the Board of Directors, and presents to the Board in draft form that portion of the annual report and, more generally, any documents required by the applicable regulations, falling within its remit.

Organization of work (article 3 of the internal regulations)

The Committee meets several times a year, in particular to review the periodic consolidated accounts. Meetings may be called by the Committee chairman, by two Committee members or by the Chairman of the Board of Directors. The schedule of meetings is set by the Committee chairman.

The Committee submits written reports to the Board of Directors on its work and an annual assessment of its operation, based on the requirements set out in the internal regulations as well as any suggestion for improvement in its functioning.

Recommendations submitted by the Committee to the Board of Directors are adopted by a majority of members present at the Committee meeting. The Committee chairman casts the deciding vote if an even number of members is present at the meeting, unless only two members are present.

Activity of the Committee

The Audit and Accounts Committee met five times in 2008 and reported on its work to the Board of Directors.

The average attendance rate for Committee members at these meetings was 86.6%.

The statutory auditors were present at each of these meetings. The Audit and Accounts Committee received their conclusions after the meetings and in the absence of representatives of the Company.

The work of the Audit and Accounts Committee over the year focused mainly on the review of quarterly, half-yearly and annual accounts, internal control procedures, the schedule and progress of Internal and External Auditing, and developments in the main claims and disputes involving the Group.

Between the beginning of 2009 and 4 March 2009, the date at which the Board of Directors closed the accounts for 2008, the Audit and Accounts Committee met once. Two of the three members, including the chairman, attended the meeting.

15.3.3.2 The Nominating and Compensation Committee

The Nominating and Compensation Committee consists of Thierry Morin (Chairman), François Enaud and Bernard Kasriel, all independent directors. Michel Delaborde, Executive Vice-President Human Resources and Communication, is the committee's secretary.

Composition (article 2 of the internal regulations)

The Nominating and Compensation Committee comprises at least three directors appointed by the Board of Directors. A majority of the Committee members shall be independent directors.

The chairman of the Committee shall be an independent director.

Committee members may receive from the Company only those attendance fees due in consideration for serving as director and Committee member.

The term of office of Committee members shall coincide with their term of office as director. The term of office of a Committee member may be renewed at the same time as his term of office as director. However, the Board of Directors may modify the composition of the Committee at any time.

Duties (article 1 of the internal regulations)

The Committee's main roles are the following:

- **Nomination:**
 - it submits to the Board of Directors recommendations on the composition of the Board of Directors and its Committees;
 - every year, it submits to the Board of Directors a list of directors who can be considered as independent directors of the Company, in accordance with the provisions of article 2.1 of the internal regulations of the Company's Board of Directors;
 - it assists the Board of Directors in appointing and evaluating the corporate officers, the directors, and the directors serving as Committee members;

- it prepares and submits an annual report on the Committee's operation and work.
- **Compensation:**
 - it reviews the main goals proposed by the senior management relating to compensation of the Company's executives, whether or not they are corporate officers;
 - it submits to the Board of Directors policy recommendations and proposals in the areas of compensation, pension schemes and contingency funds, benefits in kind, and allocation of options to subscribe or purchase shares (stock options) or receive free shares;
 - it reviews the compensation of Executive Committee members, including stock options, free shares, pension schemes, contingency funds and benefits in kind;
 - it reviews the procedures for dividing attendance fees among Board members and the conditions for reimbursing any expenses incurred by the directors;
 - it prepares and submits reports as provided for by the internal regulations, and presents to the Board of Directors that part of the annual report in draft form, and, more generally, any documents required by the applicable regulations and falling within its remit, in particular information on the compensation of corporate officers, stock options and free shares.

Organization of work (article 3 of the internal regulations)

The Committee meets several times a year, including once prior to approval of the agenda for the annual general meeting. Meetings may be called by the Committee chairman, by two Committee members or by the Chairman of the Board of Directors. The schedule of meetings is set by the Committee chairman. The Committee reports to the Board of Directors on its work. It submits an annual assessment of its functioning, based on the requirements set out in the internal regulations, and any suggestion for improvement in its functioning.

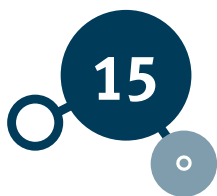
Recommendations submitted by the Committee to the Board of Directors are adopted by a majority of members present at the Committee meeting. The Committee chairman casts the deciding vote if an even number of members is present at the meeting, unless only two members are present.

Activity of the Committee

The Nominating and Compensation Committee met three times in 2008 and reported on its work to the Board of Directors.

The attendance rate for committee members at these meetings was 100%.

The work of the Nominating and Compensation Committee mainly focused on the compensation of Company officers and the Executive Committee, a review of compensation terms in the event of removal from office of the Chairman and Chief Executive Officer in the light of the TEPA law of 21 August 2007, the implementation of stock option



FUNCTIONING OF ADMINISTRATIVE AND MANAGEMENT BODIES

Limitations on the powers of Chief Executive Officer

and free share allocation plans, and a review of the proposed share capital increase reserved for employees.

Between the beginning of 2009 and 4 March 2009, the date at which the Board of Directors closed the accounts for 2008, the Nominating and Compensation Committee met twice, with all members in

attendance on both occasions. These meetings concentrated on the annual review of the committee's work, the independence of directors, a review of the terms of office of the Chairman and Chief Executive Officer, the allocation of attendance fees for 2008, and the assessment of the Board of Directors in 2008.

15.4 Principles and rules for determining compensation and all other benefits paid to officers of the Company

The principles and rules for determining compensation and all other benefits paid to officers of the Company are decided by the Board of Directors on the basis of recommendations from the Nominating and Compensation Committee, in accordance with the provisions of

internal regulations. These are described in the Board of Directors' management report in accordance with article L.225-102-1 of the *Code de commerce*.

15.5 Limitations on the powers of Chief Executive Officer

The Chief Executive Officer is invested with the most extensive powers to act in the Company's name in all circumstances, within the limits of the Company's corporate purpose and subject to those powers expressly vested by law in the general meetings and the Board of Directors. He represents the Company in its relationships with third parties.

The Board of Directors may set limits on the powers of the Chief Executive Officer, but such limits are not enforceable against third parties.

The Board of Directors has authorized the Chief Executive Officer, with powers of sub-delegation, to issue in the name of the Company, deposits, commitments and guarantees up to a limit of €80 million, and to continue the deposits, commitments and guarantees previously made. This authorization was granted by the Board of Directors on 20 January 2009 for a period of twelve months, and expires on 20 January 2010.

In addition to any legal requirements noted above, the Chief Executive Officer shall inform the Board of Directors of, or submit to its approval, any transactions involving a greater sum. Therefore the Board of Directors shall be consulted in advance:

- ▶ for any industrial investment in excess of €80 million, with the annual investment budget also to be submitted to the Board of Directors for approval;
- ▶ for any acquisition or divestment project with an enterprise value in excess of €130 million;
- ▶ if annual liquidations of investment exceed the annual budget by over 10%.

Equally, the Board of Directors shall be informed after the event:

- ▶ of any industrial investment in excess of €30 million;
- ▶ of any acquisition or divestment project with an enterprise value in excess of €50 million.

15.6 Vice-Executive Officer

On the Chief Executive Officer's recommendation, the Board of Directors may appoint from one to five natural persons, who shall have the title of Vice-Executive Officer (*Directeur général délégué*), to assist the Chief Executive Officer, and shall determine their term of office and the extent of their powers, it being understood that the Vice-Executive Officers shall hold the same powers as the Chief

Executive Officer in representing the Company in its relationship with third parties. Vice-Executive Officers shall be less than 67 years old to serve in this office.

The Board of Directors may revoke the appointment of a Vice-Executive Officer at any time, on the recommendation of the Chief Executive Officer, in accordance with the applicable laws and regulations.

15.6.1 IDENTITY OF VICE-EXECUTIVE OFFICERS

None.

15.6.2 BIOGRAPHY OF VICE-EXECUTIVE OFFICERS

None.

15.7 Internal control procedures

15.7.1 GENERAL ORGANIZATION OF INTERNAL CONTROL

15.7.1.1 Aims and objectives

The aims and objectives of the Group's internal control procedures were drawn up in accordance with COSO ⁽²¹⁾ guidelines and the principles recommended by the reference framework drawn up by a stock exchange group under the aegis of the *Autorité des marchés financiers* (AMF – French financial markets authority).

Internal control is a Group wide structure, defined and implemented by senior management, management and staff. Its aims and objectives are to ensure:

- ▶ compliance by the Group with current laws and regulations;
- ▶ application by the Group of the instructions and guidance of senior management;
- ▶ the correct operation of internal processes, notably those serving to protect assets;
- ▶ the reliability of financial information.

Generally, internal control is designed to help manage and control the Group's activities, the effectiveness of operations, and the efficient use of its resources.

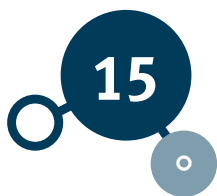
However, no internal control structure can provide an absolute guarantee that these goals are met.

15.7.1.2 Scope

The internal control framework is adapted to the Group's organization, which is structured around three components:

- ▶ 3 business segments (Vinyl Products business segment, Industrial Chemicals business segment, Performance Products business segment) made up of BUs which comprise a group of business lines or products that are coherent or complementary from a strategic, business or manufacturing perspective;

(21) Committee of sponsoring Organisations of the Treadway Commission (COSO).



FUNCTIONING OF ADMINISTRATIVE AND MANAGEMENT BODIES

Internal control procedures

- the functional departments (or support functions), which assist the BUs in their area of competence, including accounting, legal affairs and information systems, and ensure that the Group's organization is consistent and optimized;
- the subsidiaries, through which the BUs exercise their business activities.

All those companies fully integrated in the basis of consolidation of the Group financial statements are concerned by the internal control procedures.

15.7.1.3 Persons involved in internal control procedures

Board of Directors and Committees

The Board of Directors, the two committees in place, and the expertise of their members help contribute to the creation of an internal control culture suited to the needs of the Group.

In particular, it is the responsibility of the Audit and Accounts Committee to review internal control procedures, assess the schedule of internal auditors and the results of their work, and assess the relevance and adequacy of risk monitoring procedures.

Executive Committee

The Chairman and Chief Executive Officer has created an Executive Committee ("Comex") consisting of the seven operational and functional executives who report directly to him.

Thus Comex consists of:

- the Chairman and Chief Executive Officer of the Company, who also chairs Comex;
- the Executive Vice-Presidents overseeing the BUs within the three business segments (Vinyl Products, Industrial Chemicals, Performance Products);
- the four Executive Vice-Presidents in charge of the support functions: Human Resources and Communication, Industry, Finance, and Strategy.

Comex is a decision-making body that concentrates on strategic matters and performance monitoring, and considers major issues regarding organization and large projects.

With regard to the internal control framework, Executive Committee:

- defines the internal control framework and the rules for delegation of responsibility;
- sets targets for each BU, functional department and subsidiary, and provides the resources for these targets to be met;
- supervises the implementation of the control procedures that help achieve the targets it has set;
- considers the risks that are specific to each project submitted to Comex;
- carries out an annual review of the major risks to which the Group is exposed on the basis of the work of the Risk Review Committee. Comex calls on the Internal Audit department and the Internal Control department to help with its operation.

Comex meets twice a month in principle.

Each member of Comex is responsible for ensuring that Group wide rules and principles constituting the internal control structure and procedures are observed in the entities for which he is responsible and for which he acts as the "tutor".

Risk Review Committee

In order to strengthen the formal framework of the risk identification and analysis procedures, and to monitor on a regular basis the evolution of risk factors, a Risk Review Committee was set up in October 2007.

Chaired by the Executive Vice-President Strategy, the Committee reviews at least once every six months (or more often if justified by a specific event):

1. the summaries of audits and evaluations conducted by the Internal Audit department, the Safety Environment Quality department, the Insurance department, and the Internal Control department;
2. a list of risks prepared from a survey conducted by the Internal Audit department.

Following this review, the committee can also decide on the implementation of corrective action, or request additional information.

The conclusions of this review are communicated to Executive Committee.

On completion of this process, Executive Committee can decide on updating the main risks described in chapter 6 of this reference document.

Internal Audit department

Internal Audit is an independent function under the responsibility of the Executive Vice-President Strategy. Its role in particular is to improve control over the Group's management systems and processes and, more broadly, to ensure that the Group's operations are in accordance with the internal control framework.

Any management process and system are subject to internal audit. The Internal Audit department provides the audited entities with a set of recommendations which are discussed and agreed with the entities in question. Implementation of these recommendations is covered by action plans that the entities commit to implementing.

An internal committee consisting of the Chief Financial Officer, the Executive Vice-President Strategy, the Head of Internal Audit and the Head of the Internal Control department regularly monitors the effective implementation of these recommendations.

The Internal Audit department draws up a draft program for the audit plan from:

- initiatives to identify risks;
- interviews with ARKEMA's operational and functional departments; and
- a choice of priorities from various proposals made.

The final program is validated by Comex, and then examined by the Audit Committee.

During 2008, the Internal Audit department carried out 25 audits (against 21 in 2007).

Internal control department

The primary assignment of the Internal Control department, which reports to the Management Control and Accounts Department, is to strengthen the Group's internal accounting and financial control systems. The department's action is supported, at subsidiary level, by a network of correspondents within the finance and IT departments of the subsidiaries.

This department conducts analysis and formalization of processes having an impact on financial information, for which key controls have been defined.

The methodology consists of:

- the analysis, for a process or sub-process, of the main risks of error, omission or fraud that could have a significant effect on consolidated financial statements;
- the identification and formalization of control procedures to minimize any risk of error, omission or fraud;
- the periodic verification of the existence and effective operation of these controls, carried out by the Internal Control correspondents based in the subsidiaries (self-control) or by the Internal Control department;
- the definition of corrective measures in the event of shortcomings, and the control of their implementation.

The list of procedures covered by this methodology is based on the fourteen procedures of the AMF reference framework implementation guide, and is adapted to the specific features and size of the subsidiaries.

The rollout in 2008 covered a scope of companies accounting for 80% of third-party sales.

BUs, functional departments and subsidiaries

The Group's businesses are organized into three business segments totalling thirteen BUs, with each business segment under the responsibility of an executive vice-president who reports to the Chairman and Chief Executive Officer and is a member of Executive Committee.

Within their respective area of activity, the BUs employ the resources allocated to them by Executive Committee to meet the targets set. They are responsible for their own performance and for implementing suitable control procedures and processes, in accordance with the principles and procedures defined in particular within the Group's internal control reference framework, Code of Conduct, charters and guidelines (see sections 15.7.1.4 and 15.7.1.5 of this reference document).

The consistency and optimization of the Group's organization are ensured by the functional departments, most of which are described in section 15.7.1.6 of this reference document.

Each subsidiary is placed under the responsibility of a local manager who is responsible for ensuring that laws as well as rules and principles defined by the Group are observed, and who undertakes to employ the resources defined with the BUs and the support functions to meet the targets set. Within the strict respect of the powers delegated to the management bodies of the various legal

entities, each subsidiary is supervised by a functional or operational department.

15.7.1.4 Core documents

The Group has drawn up a Code of Conduct and two charters, the first covering primarily its policy regarding health, safety, environment and quality, and the second IT and electronic communication resources. These have been approved by Comex, and set out the values and aims of internal control.

Code of conduct

In this document the Group confirms its adherence to the Universal Declaration on Human Rights and the European Convention on Human Rights, to the Fundamental Conventions of the International Labor Organization, and to the OECD's Guiding Principles for multinational enterprises.

Closely linked to the Group's values, the Code of Conduct details the Group's requirements wherever it does business, with respect to its shareholders, its customers, its employees and its other stakeholders. It also makes available to employees the rules and principles governing individual behavior within the Group.

An ethics mediator, appointed by the Chairman of the Company's Board of Directors, is in charge of promoting the Code of Conduct with the Group's employees and of handling all ethical issues, both individual issues (on referral) and matters of general interest concerning the Company. He is available to all of the Group's employees on any ethical issue. He prepares an annual report on his activities for the Group's Board of Directors.

Health, Safety, Environment and Quality Charter

In this document the Group confirms that it places the highest importance on the safety and security of its businesses, the health of individuals, and the satisfaction of its customers.

The Charter describes the main undertakings that translate these priorities into action. Thus:

- the Group is committed to Responsible Care[®], a voluntary approach to the responsible management of businesses and products, based on a process of continuous progress, and in November 2006 it signed the Responsible Care[®] Global Charter, which allows for validation of the approach by a third party;
- two programs are deployed worldwide: Safety in Action, to promote and strengthen a safety culture amongst all staff, and Common Ground[®], to develop relationships of trust with the communities in which the Group is present.

Charter for the use of IT and electronic communication resources

This Charter sets out the principles governing the proper use of IT resources within the Group. These principles seek to ensure (i) the correct application of guidelines, (ii) compliance by the Group with current laws and regulations, and rules regarding delegation of powers and confidentiality, and (iii) the protection of the integrity of IT systems and resources.

15.7.1.5 Internal Control framework

The Group's internal control systems are based on three essential principles:

- clear definition of responsibilities and delegations of powers, observing rules governing the separation of duties (distinction between those who approve actions and those who take those actions) to ensure that any person who engages the Group's responsibility to a third party has the correct means to do so;
- identification, analysis and management of risks;
- regular review of the correct functioning of internal control.

The Group has defined its organization and operating guiding principles in a document entitled "Internal Control Framework", approved by the Executive Committee and available to all employees. This document, based on the Group's Charters and Code of Conduct, is structured in line with COSO guidelines and the *Autorité des marchés financiers* reference framework, around five components:

- A. The control environment;
- B. Risk management;
- C. Control activities;
- D. Information and communication;
- E. Continuous evaluation of internal control systems.

A. The control environment

The foundation of the other components of internal control, the control environment draws primarily on the organizational principles of the Group, the values of the Group set out in the Code of Conduct, and the level of awareness amongst employees.

All employees are informed of the importance attached to observing the rules of good conduct set out in the "Code of Conduct", the "Health, Safety, Environment and Quality Charter", and the "Charter for the use of IT and electronic communication resources".

These documents include a Compliance Program (the rules of which have been made known to all Group employees concerned, and agreed by them) introduced to guarantee and, if necessary, substantiate, that the Group strictly complies with domestic and European competition regulations.

The resources employed to ensure the correct operation of this program are:

- the personal accountability of every employee, at all levels, regarding compliance with the competition regulations set out in the document;
- the appointment of a Compliance Officer whose role is to ensure the correct application of the program;
- the production and updating of a Practical Guide to rules and correct conduct on competition matters;
- specific training;
- the application of appropriate measures in the event of a breach of the rules.

In the United States, the Compliance Program has been adapted to take account of specific local features.

A procedure relating to fraud prevention was put in place in 2008. This procedure will help survey and centralize situations of fraud, and thus help with the handling and prevention thereof.

In general, the roles and duties of every operational and functional manager are set out in their job description. Goals to be met by the managers, which include an internal control dimension, are set by their respective line managers, to whom they must periodically report on their activities.

Lastly, the Group has set up a dynamic human resources management approach and a policy of ongoing training designed to ensure that staff skills are continuously adapted, and to maintain a high level of individual involvement and motivation.

B. Risk management

In the course of its business, the Group is exposed to a number of internal and external risks.

As the Group's structure is highly decentralized, risk assessment and management is essentially the responsibility of the BUs. All functional departments, each having a duty to minimize risks in their own area, provide assistance in identifying and reducing the risks inherent in their respective area.

A thorough review of the risks that the Group could face is (i) carried out annually by the Internal Audit department, which collates information from the BUs and functional departments, and (ii) presented to the Risk Review Committee. The conclusions of this review are communicated to the Executive Committee prior to the definition of the audit plan. The significant risks known to the Group are examined by the Audit Committee and the Board of Directors, and set out in chapter 6 of this reference document.

C. Control activities

Control activities entail the application of the standards and procedures that help ensure that Group management directives are carried out.

To this end, a body of rules has been formally established within the Internal Control Framework, and general principles, applicable to all Group entities, have been defined in order to enable monitoring of the application of the strategy defined by the Executive Committee. By way of illustration, delegation of commitment authority and management of investments are the subject of specific notes. In addition, the control of access to IT systems forms a key element of internal control and is subject to formal management procedures involving the client departments and the IT department.

- BUs and subsidiaries are responsible for operational processes and are thus the first line of responsibility in internal control.
- Functional departments are responsible for defining and distributing policy and best practice guidelines relating to their area; they ensure that these are being correctly applied, particularly in the following fields:
 - compliance with laws and regulations,

- safety and environmental protection,
- reliability of financial information.

The Internal Audit team in particular conducts evaluations of the Group's compliance with its Internal Control Framework in accordance with the Audit Plan approved annually by the Executive Committee and reviewed by the Audit and Accounts Committee.

D. Information and communication

IT systems are a key component of the Group's organization.

Mindful of the opportunities and risks related to the use of information technologies, the Group has set up an information system management structure, in terms of both controlling risks and creating value and performance.

This approach may be summed up in two words, "guidance and control", and is designed to apply across the Group the 10 information system management practices drawn up formally by CIGREF (*Club informatique des grandes entreprises françaises*).

Additionally:

- the Group has a highly detailed financial reporting system, an essential management tool used by the senior management;
- the main internal control documents such as those mentioned above are available on the Group's intranet;
- each support function develops professional best practice and disseminates details thereof throughout the Group via their intranet.

E. Continuous assessment of internal control systems

The quality of the internal control system is assessed on an ongoing basis. The Executive Committee is responsible for the internal control system overall, for its performance and for its oversight. However, each entity remains responsible for improving internal control performance in its area.

In general, any weaknesses in the internal control system must be reported to management and, if necessary, to Comex.

In addition, recommendations made by the Internal Audit department on completion of its missions are systematically reviewed, and a summary is presented to the Audit and Accounts Committee. When decisions to apply corrective measures are adopted, their implementation is monitored on a formal basis.

In addition, the statutory auditors may, as part of their duties, alert the Company regarding any weaknesses that they have identified. These factors are taken into account by the Group in its efforts to improve internal control.

15.7.1.6 Group policies

Human Resources

The Group is committed to involving all its employees in its growth, to helping all employees in their day-to-day duties, and to empowering them to take individual initiative. The Group's efforts are focused on training, internal communication, and leadership by the management to pool individual talents and ensure that they best serve the common good. The Human Resources policy also aims to increase the international dimension of its workforce, and the sharing of expertise and experience worldwide.

The Group's Human Resources department is organized around three departments, Human Resources Development and Internal Communication department, Payroll Systems, Organization and Headquarters department, and Labor Relations department. The Human Resources Development and Internal Communication department plays a central role, supported by career managers, in managing executives from BUs and support functions, and in coordinating career management across all Group subsidiaries.

These Human Resources departments are responsible throughout the Group for recruitment, management of remuneration systems and social protection, and labor relations.

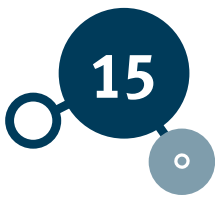
Safety and Environmental Protection

The Group applies the highest standards in the areas of Health, Safety and Environmental protection.

The Group has formalized its fundamental requirements in a reference manual that is used worldwide, the HSE Manual, which is the foundation of the HSE management systems for all of the Group's entities. This framework document is available on the Group's intranet. In addition, the health and safety strategy as a whole is deployed worldwide under the "Safety in Action" label.

The safety management system at sites presenting significant risks is based on control systems designed according to ISRS guidelines. The Group has developed environmental management systems for its industrial sites, most of which have received ISO 14001 certification (or equivalent, such as the Responsible Care Management System® in the United States).

The qualitative and quantitative targets to be reached in the areas of safety and environmental protection are defined by the Industrial Department and approved by the Executive Committee, to reflect regulatory changes and the views of the wider population. Through audits conducted by the department in charge of safety (around 15 per year), the Industrial department regularly records divergences from targets and identified HSE risks in order to establish an accurate picture at Group level and take appropriate decisions.



FUNCTIONING OF ADMINISTRATIVE AND MANAGEMENT BODIES

Internal control procedures

The Group's sustainable development policy is based on its belief that its profitability over the long term will depend on the way in which it assumes its responsibilities in the areas of social relations, health and safety, and environment.

Short-term and long-term financing

The Group's Treasury and Financing Department is responsible for defining the Group's cash management and optimizing its financing. It is organized around two departments, the Financial Operations and Subsidiaries department (main point of contact for subsidiaries within this department), and the Treasury department (specialist point of contact for financing, hedging of financial risk, and cash management issues).

Treasury, interest rate instrument and currency instrument risks are managed under rules defined by the Group's senior management. The management of liquidity, hedging positions and financial instruments is centralized by the Treasury and Financing department whenever possible.

Each subsidiary is responsible, within its own business, for the management of its own cash flows and the preparation of cash flow forecasts. Subsidiaries are responsible for following the cash management rules issued by the Treasury and Financing department, both for risk management (interest rates, foreign exchange, counterpart risks, intra-Group settlements, etc.) and for cash management.

Legal department

The Group is subject to a complex and constantly changing set of laws and regulations in a large number of fields (company law, commercial law, safety, environmental protection, labor law, tax law, customs, patent protection, etc.), which vary depending on the country in which the Group operates.

Compliance with laws and regulations and in particular the prevention of criminal liability and risks relating to antitrust legislation (Compliance Program), with some specific exceptions (labor law, tax law, patent law), fall within the overall responsibility of the legal department. The legal department is closely involved in the monitoring of risks, claims and disputes (quarterly and annual reviews) and the review of major contracts.

Insurance

The Group has a policy of centralized management for its insurance, covering the risks relating to the manufacture and marketing of its products.

The implementation of this policy is the responsibility of the Insurance Department, which reports to the Executive Vice-President Strategy.

Group insurance policies are taken out with leading insurance companies. They entail inspections of industrial sites with insurers, coordinated with the Industrial department.

Purchasing

The Group implements a purchasing policy based on the following principles:

- the selection of a supplier must be based on the satisfaction of a need, quality, performance, sustainability, and best price;
- relations with suppliers must be based on trust, and developed transparently and in accordance with contractual terms;
- the Group's suppliers must observe principles equivalent to those set out in the Group's Code of Conduct.

15.7.2 ACCOUNTING AND FINANCIAL INTERNAL CONTROL PROCEDURES

Control and understanding of financial performance by operational and functional managers of the businesses for which they are responsible represents one of the key factors in the Group's financial control systems.

15.7.2.1 Organization of the finance function

The finance function, which is the responsibility of the Chief Financial Officer, includes:

➤ functions under his direct supervision:

- the production of consolidated financial and accounting information, which is the remit of the Accounts and Management Control Department, responsible for the reliability of the data constituting ARKEMA's financial information and for providing management accounts shared across the various entities, thus facilitating the management of the businesses,

➤ the cash management policy and the optimization of the Group's financing, under the responsibility of the Financing and Treasury Department,

➤ investor relations, whose remit is to establish, develop and maintain relations with shareholders and financial analysts, and release financial information once this has been approved by the Board of Directors.

➤ functions delegated to:

- the BUs, each having its own management control, allowing for monthly monitoring and analysis of BU performance,
- the subsidiaries, each being responsible for its own monthly accounts and for its half-year and full-year financial information.

15.7.2.2 Accounting, Reporting and Management Control

The fundamental principles for financial reporting are set out in the financial reporting manual and management framework for the Group. These reference documents are updated annually by the Accounts and Management Control Department, after approval by the Chief Financial Officer, or Comex depending on the extent of any changes.

The purpose of financial reporting is primarily to enable the analysis of actual performance relative to forecasts and to previous periods. It is based on the following processes:

- forward-looking items:
 - medium-term plan,
 - budget,
 - end-of-year forecast;
- actual performance:
 - monthly reporting,
 - quarterly consolidation of accounts.

Medium-term plan

The Strategy department draws up a medium-term plan (over 5 years) once a year. This plan serves as a basis for the strategic considerations of the Executive Committee. It enables the Executive Committee to assess the financial consequences of the major strategic directions and the main turning points identified in the environment under consideration.

Budget

The budget is prepared annually under the responsibility of the Accounts and Management Control Department. Each BU and each functional department submits its budget proposals to the Executive Committee. The process is completed by the review of the budget by the Board of Directors. The budget sets out the financial performance targets to be achieved over the following year; it forms part of the medium-term plan approved by the Executive Committee.

The budget is the main point of reference to measure the actual performance of the BUs, the functional departments, and the Group overall.

End-of-year forecast

Once approved by the Executive Committee and reviewed by the Board of Directors, the budget may no longer be modified. End-of-period forecasts, for the end of the current quarter and the end of the year, are prepared by the BUs and the functional departments, as required by the Accounts and Management Control department.

Monthly reporting

On a consolidated basis:

- key income statement items, investments and cash flow are analyzed on a monthly basis;

- working capital and provisions are analyzed on a quarterly basis;
- capital employed is analyzed at the annual closure of accounts.

Each BU reports on its performance at a monthly presentation to the “tutor” of the business in question.

Results are then presented to the Executive Committee by the “tutors” and the Accounts and Management Control department.

Consolidated financial statements

ARKEMA releases consolidated financial information on a quarterly basis. Figures for the six months to 30 June and the twelve months to 31 December are full financial statements in the sense of IFRS, whilst the information to 31 March and 30 September is in summary form only (balance sheet, income statement, cash flow statement).

Half-year financial statements are subject to a limited review by the statutory auditors, whilst full-year financial statements are fully audited.

As part of the closure of each accounting period, the Accounts and Management Control department identifies specific closure issues through preparatory meetings with the support functions and the BUs; in addition, similar meetings are organized at least once a year with the main legal entities within the Group.

Moreover, on a quarterly basis the Accounts and Management Control department receives from each BU, functional department and subsidiary a report regarding risks.

Additionally, each entity is responsible for following up its off-balance-sheet commitments, and for collection and centralization thereof. The Financing and Treasury department consolidates all this data as part of the half-yearly accounts procedure.

Monitoring of changes in accounting regulations is provided by the Accounts and Management Control department which issues technical notes on points of specific relevance to ARKEMA.

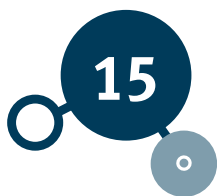
Company’s financial statements

The preparation of the Company’s financial statements is part of the Accounts and Management Control department’s general procedure for the preparation of annual financial information. Furthermore, the Company submits forecast documents to its Board of Directors in accordance with regulations.

15.7.2.3 IT systems

The IT Systems and Telecommunications department is responsible for the entire Group’s IT systems.

As part of a program to upgrade its information systems, ARKEMA has continued to introduce modern, high-performance systems (in 2007 payroll management for the Group’s French companies, integrated management for the Asia Pacific region, and in 2008 beginning of rollout of new integrated system for maintenance and industrial reliability optimization at the Arkema France plants). These developments are helping to improve the internal control environment at ARKEMA, particularly through procedure review, increase in automated checks, and removal of interfaces.



FUNCTIONING OF ADMINISTRATIVE AND MANAGEMENT BODIES

Compliance with corporate governance system

15.7.2.4 Letters of representation

Each year, the Group issues, under the signature of its Chairman and Chief Executive Officer and its Chief Financial Officer, a letter of representation in particular of the accuracy and reliability of the consolidated financial statements addressed to the Group's statutory auditors. To underpin this representation, the CEOs and CFOs of each consolidated subsidiary make an annual undertaking to observe the internal control rules and ensure the accuracy of the financial information supplied, in the form of a letter of representation to the Group's Chairman and Chief Executive Officer and to its CFO, as well as to the statutory auditors.

Furthermore, the Group's half-yearly letter of representation is based on the main subsidiaries' half-yearly letters of representation, following the same procedure, and certifying that the subsidiaries' half-yearly consolidated accounts have indeed been prepared in accordance with the Group's financial reporting manual.

15.7.2.5 Investor relations

Press releases concerning quarterly consolidated financial information are prepared by the Investor Relations team and reviewed internally by the various departments of the Finance department concerned, then by the statutory auditors, and then by the Audit and Accounts Committee. The Board of Directors then approves the final text.

15.8 Compliance with corporate governance system

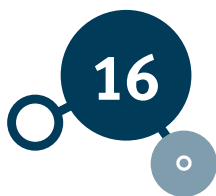
As indicated in section 15.3 of this reference document, Arkema S.A. believes that the system of corporate governance introduced by the

Company allows it to meet the standards of corporate governance generally applied in France.



16 Compensation and benefits

| | | |
|-------------|---|------------|
| 16.1 | Compensation (including conditional or deferred compensation) and benefits in kind awarded by the Company and its subsidiaries | 114 |
| 16.2 | Total amounts covered by provisions or recorded elsewhere by the Company and its subsidiaries for purposes of paying pension, retirement or other benefits | 117 |



COMPENSATION AND BENEFITS

Compensation (including conditional or deferred compensation) and benefits in kind awarded by the Company and its subsidiaries

16.1 Compensation (including conditional or deferred compensation) and benefits in kind awarded by the Company and its subsidiaries

Directors' compensation

General policy

In accordance with the provisions of the internal regulations of the Board of Directors, the Nominating and Compensation Committee issues recommendations or propositions concerning the compensation of the Company's directors.

Compensation of the Chairman and Chief Executive Officer

The compensation of Thierry Le Hénaff in his role as Chairman and Chief Executive Officer of Arkema S.A. is set by the Board of Directors on a recommendation from the Nominating and Compensation Committee.

It consists of:

- a fixed annual compensation;
- a variable compensation based in 2008 on achieving a number of specific quantitative and qualitative targets. The quantitative targets relate to the financial performance of the Company (EBITDA growth, return on capital employed), and represent a larger part than the qualitative targets which mainly relate to the implementation of the Group's strategy.

Additionally, in his role as Chairman and Chief Executive Officer, Thierry Le Hénaff received the following benefits:

- a company car provided as a benefit in kind;
- a director unemployment insurance;
- a contractual indemnity in the event of early termination of contract;

In application of article L.225-42-1 of the *Code de commerce*, the annual general meeting of 20 May 2008 approved the agreement on the indemnity due to the Chairman and Chief Executive Officer in the event of early termination of contract equivalent to maximum three times the gross annual compensation for the year in question, and subject to conditions related to the performance of its beneficiary assessed with regards to those of the Company following the decision of a meeting of the Board of Directors on 4 March 2008 made in application of the aforementioned article.

The Board of Directors of 4 March 2009 amended the conditions of this indemnity as follows. These new conditions shall be applicable from 15 June 2009, the conditions provided for under the agreement approved by the annual general meeting of 20 May 2008 therefore remaining in force until that date. Information relating to the annual general meeting of 20 May 2008 is detailed in the reference document registered with the *Autorité des marchés*

financiers on 17 April 2008 with visa number R.08-026 available on the Company's website (www.arkema.com).

In the event of early termination of contract (termination or non-renewal of his term of office), or termination linked to a change of control of the Company or a change of strategy decided by the Board of Directors, and except in the event of serious or gross misconduct, Thierry Le Hénaff shall benefit from a redundancy payment the amount of which shall be calculated on the basis of the fulfilment of five performance conditions as detailed below.

The amount of this compensation shall not exceed twice his total annual gross compensation (fixed and variable). The basis for calculating the termination indemnity shall be the fixed annual compensation for the year in which the early termination of contract has occurred and the average of the last two annual variable compensation payments made prior to the date of early termination of contract.

Thierry Le Hénaff was appointed Chairman and Chief Executive Officer at the beginning of 2006, therefore the reference index applicable when computing these five performance criteria shall be the index based on Group data at 31 December 2005.

The value of the end-of-period index to be taken into account in the computation of the criteria below shall be the average of the index calculated at Group level over the two years for which accounts have been published prior to the date of early termination of contract.

First criterion – TRIR

TRIR (Total Recordable Injury Frequency Rate) shall have dropped by at least 5% (average compound rate) per year between 31 December 2005 and the date at which this performance condition has been fulfilled as defined above.

Second criterion – Comparative EBITDA margin

This economic performance indicator shall be compared to that of chemical manufacturers in competition with and comparable to ARKEMA.

The growth in ARKEMA's EBITDA margin shall be at least equal to the average growth in the EBITDA margin of the companies in the reference panel between 31 December 2005 and the date at which this performance condition has been fulfilled as defined above.

Third criterion – Working capital requirement (WCR)

The year-end WCR over annual sales ratio shall have decreased by at least 2.5% (average compound rate) per year between 31 December 2005 and the date at which this performance condition has been fulfilled as defined above.

Fourth criterion – EBITDA margin

The EBITDA over sales margin shall have grown by at least 3% (average compound rate) per year between 31 December 2005 and the date at which this performance condition has been fulfilled as defined above.

Fifth criterion - Fixed costs

Productivity actions shall at least offset inflation. ARKEMA's recurring fixed costs, at constant scope of business and exchange rate, shall have dropped by at least 0.5% at current value (average compound rate) per year between 31 December 2005 and the date at which this performance condition has been fulfilled as defined above.

If 4 or 5 criteria have been fulfilled, Thierry Le Hénaff shall receive 100% of the sums provided for in the event of early termination of contract.

If 3 out of 5 criteria have been fulfilled, Thierry Le Hénaff shall receive 75% of the sums provided for in the event of early termination of contract.

If 2 out of 5 criteria have been fulfilled, Thierry Le Hénaff shall receive 50% of the sums provided for in the event of early termination of contract.

If fewer than 2 criteria have been fulfilled, Thierry Le Hénaff shall receive 0% of the sums provided for in the event of early termination of contract.

The above commitment shall be put to the vote of the annual general meeting on 15 June 2009 under the regulated agreements in application of article L.225-42-1 of the *Code de commerce*, and this amended agreement shall take effect on that date and be the subject of a specific report by the statutory auditors.

► and a supplementary pension scheme.

There are no special pension arrangements for the Chairman and Chief Executive Officer. In addition to the general pension schemes applicable to employees of the Group, he benefits from a supplementary scheme, financed by the Company and offered to certain senior executives of the Group receiving annual compensation of more than eight times the annual social security ceiling provided that the beneficiary is employed by the Company when he comes to retire. The Company's pension liabilities relating to its Chairman and Chief Executive Officer corresponded, at 31 December 2008, to an annual retirement pension calculated in particular on the basis of the average compensation of the last three years, equal to 17.3% of his current annual compensation.

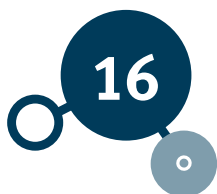
Thierry Le Hénaff is not bound to any Group company by an employment contract, he receives no attendance fees in his role as Director and Chairman of the Board of the Company, and as a Director and Executive Officer does not benefit from any employee savings scheme in place in the Group or from compensation relating to a non-competition clause.

Furthermore, it should be noted that following a decision by the Board of Directors on 4 March 2009, the gross annual fixed compensation paid to Thierry Le Hénaff as Chairman and Chief Executive Officer for 2009 shall remain set at €610,000 and that its variable compensation in respect of 2009 could reach 150% of its annual fixed compensation. This variable part will remain determined on the basis of performance criteria related to the achievements of quantitative targets (EBITDA growth and free cash flow) and qualitative targets mainly related to the implementation of the Group's strategy.

COMPENSATION, STOCK OPTIONS AND SHARES GRANTED TO THE CHAIRMAN & CEO

| | 2007 (Gross amounts in euros) | | 2008 (Gross amounts in euros) | |
|--|----------------------------------|---|----------------------------------|---|
| | Due for the year | Paid during the year | Due for the year | Paid during the year |
| Fixed compensation | 570,000 | 570,000 | 610,000 | 610,000 |
| Variable compensation * | 570,000 | 396,925 | 231,800 | 570,000 |
| Exceptional compensation | Nil | Nil | Nil | Nil |
| Attendance fees | Nil | Nil | Nil | Nil |
| TOTAL | 1,140,000 | 966,925 | 841,800 | 1,180,000 |
| Benefits in kind – Car | | 6,322 | | 7,233 |
| Director unemployment insurance | | 12,279 | | 16,526 |
| | | 552,300 | | 471,975 |
| Valuation as per method used for consolidated accounts for stock options allocation (detailed in section 17.5.4) | | 70,000 stock options Stock option exercise price: €44.63 | | 52,500 stock options Stock option exercise price: €36.21 |
| Valuation as per method used for consolidated accounts for free share allocation (detailed in section 17.5.4) | | 240,548 7,000 free share allotment rights | | 257,320 14,000 free share allotment rights |
| Arkema share price at 31 December 2008 | | | | €12.25 |

* Variable compensation is paid in the year following the period for which it has been calculated.



COMPENSATION AND BENEFITS

Compensation (including conditional or deferred compensation) and benefits in kind awarded by the Company and its subsidiaries

As shown above, the Board of Directors granted stock options and free shares to Thierry Le Hénaff, as part of the stock option plans and free share allocation plans agreed on 4 July 2006, 14 May 2007 and 13 May 2008 (for further information on the stock option plans and free share allocation plans, please refer to section 17.5.4 of this reference document).

Furthermore, in the event of early termination of contract (termination or non-renewal of his term of office), or termination linked to a change of control of the Company or a change of strategy decided by the Board of Directors, and except in the event of serious or gross misconduct, Thierry Le Hénaff will keep his rights to stock options and free share allocation for plans agreed by the Board of Directors before he leaves.

Directors' compensation

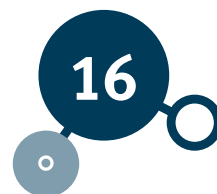
The annual general meeting of 10 May 2006 set the maximum annual amount of attendance fees allocated to the Board of Directors at €300,000 for the year beginning 1 January 2006, and €360,000 for each subsequent year.

Following this decision, the Board of Directors, on a recommendation from the Nominating and Compensation Committee, decided that the split of the annual amount allocated by the annual general meeting should be determined on the basis of:

- an annual fixed part of €15,000 per director, and;
- a variable part taking account of the director's attendance at Board meetings:
 - (i) of €3,000 per director present at a Board meeting, and
 - (ii) €2,000 per member present at a meeting of one of the specialized committees, except for the Chairman's variable part which is €3,500.

Total attendance fees allocated to the Directors amounted to €251,000 for 2008 (€291,000 for 2007), split as follows:

| <i>(In euros)</i> | Amounts paid in 2008 for 2007 | Amounts paid in 2009 for 2008 |
|--------------------|-------------------------------------|-------------------------------------|
| François Enaud | | |
| Attendance fees | 39,000 | 33,000 |
| Other compensation | Nil | Nil |
| Bernard Kasriel | | |
| Attendance fees | 40,000 | 36,000 |
| Other compensation | Nil | Nil |
| Laurent Mignon | | |
| Attendance fees | 39,000 | 36,000 |
| Other compensation | Nil | Nil |
| Thierry Morin | | |
| Attendance fees | 46,500 | 31,500 |
| Other compensation | Nil | Nil |
| Jean-Pierre Seeuws | | |
| Attendance fees | 46,000 | 40,000 |
| Other compensation | Nil | Nil |
| Tidjane Thiam | | |
| Attendance fees | 27,000 | 27,000 |
| Other compensation | Nil | Nil |
| Philippe Vassor | | |
| Attendance fees | 53,500 | 47,500 |
| Other compensation | Nil | Nil |



Except for Thierry Le Hénaff, the only director for whom information is given above, members of the Board of Directors received no other compensation and no other benefits in the year. The directors were not awarded any stock options or free shares.

No compensation was paid to directors of the Company by Group companies other than Arkema S.A. in 2008.

Compensation of members of the executive committee

The Board of Directors of the Company, on the recommendation of the Nominating and Compensation Committee, approved the total gross fixed compensation to be allocated for 2008 to members of the Executive Committee other than the Chairman and Chief Executive Officer at €1,629,000.

Furthermore, the total variable compensation paid in 2008 to the seven members of the Executive Committee as described above by Arkema S.A. or one of its consolidated subsidiaries was €968,000.

The Board also approved the criteria to be used in determining the variable element of their compensation for 2008, based on specific qualitative and quantitative targets relating mainly to growth in EBITDA and to return on capital employed. In application of these criteria, the Board of Directors meeting on 4 March 2009 approved the variable part awarded for 2008 to Executive Committee members described above, amounting to €522,560. It also approved the criteria to be used in determining the variable element of their compensation for 2009, which will remain based on specific qualitative and quantitative (EBITDA growth and free cash flow) targets.

The Board also approved the total gross fixed compensation paid for 2009 to Executive Committee members described above, which shall remain unchanged compared to 2008.

Members of the Executive Committee did not receive any attendance fees in relation to any directorships held within Group companies.

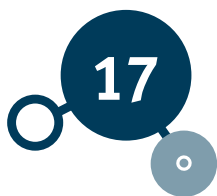
16.2 Total amounts covered by provisions or recorded elsewhere by the Company and its subsidiaries for purposes of paying pension, retirement or other benefits

Please refer to note 4 of the notes to the financial statements included in section 20.6 and to section 16.1 of this reference document.



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17.1 Human resources policy

17.1.1 HUMAN RESOURCES POLICY

The Group is building up its development by relying on a human resources policy which favours permanent dialogue with the trade unions, a recognition of personal performance, and a career management policy which encourages the development of both individual and collective skills.

The organization of human resources has evolved towards greater professionalism, with the creation in 2008 of a shared services center in France.

This center covers two areas:

- personnel administration and payroll;
- the development of human resources (training, recruitment and career management).

The rollout of the shared services centre should allow greater responsiveness, as well as security thanks to a greater versatility of people at regional level involving several sites at the same time. This structure also provides an opportunity to oversee actions in terms of recruitment, training and professional mobility.

Headcount

Evolution between 2006 and 2008

At 31 December 2006, 2007 and 2008 the Group had respectively 17,044, 15,194, and 14,983 employees worldwide (including temporary staff ⁽²²⁾). These figures correspond to the management scope of the Group.

The table below provides an analysis of the headcount by region over the past three years:

| Headcount by geographic region | 31/12/2006 | 31/12/2007 | 31/12/2008 |
|--------------------------------|---------------|---------------|---------------|
| France | 10,179 | 9,179 | 8,955 |
| Europe (excl. France) | 2,743 | 2,223 | 2,248 |
| North America | 2,666 | 2,377 | 2,301 |
| Asia | 1,295 | 1,272 | 1,328 |
| Rest of the world | 161 | 143 | 151 |
| TOTAL ARKEMA | 17,044 | 15,194 | 14,983 |
| <i>of which permanent</i> | 16,521 | 14,690 | 14,413 |

At 31 December 2006, 2007 and 2008, the number of temporary staff worldwide amounted to 523, 504, and 570 respectively.

At 31 December 2008, headcount in France accounted for 59.8% of the Group's overall headcount.

(22) Temporary staff are those who do not benefit from a permanent employment contract.

Breakdown by category and sex

At 31 December 2008, 22.7% of the Group's total employees were in managerial positions. In the same year, women made up 20.5% of the Group's total employees.

| Geographic region | Managerial | Non Managerial | Male | Female |
|---------------------------|--------------|----------------|---------------|--------------|
| France | 1,513 | 7,442 | 7,117 | 1,838 |
| Europe (excl. France) | 481 | 1,767 | 1,822 | 426 |
| North America | 1,014 | 1,287 | 1,826 | 475 |
| Asia | 330 | 998 | 1,020 | 308 |
| Rest of the world | 57 | 94 | 125 | 26 |
| TOTAL ARKEMA | 3,395 | 11,588 | 11,910 | 3,073 |
| <i>of which permanent</i> | 3,348 | 11,065 | 11,510 | 2,903 |

17.1.2 RECRUITMENT

The recruitment policy is designed to secure the highest level of skills for the Group in order to underpin its development.

In keeping with its founding values (simplicity, solidarity, performance and accountability), ARKEMA attaches, in its recruitment process, a great deal of importance to cultural openness in applicants, their ability to work in teams and bring solutions, and their entrepreneurial skills.

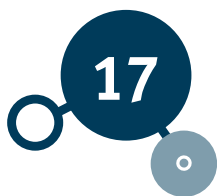
To facilitate the job application process and standardise recruitment procedures, ARKEMA has developed a dedicated tool on its website (www.arkema.com). Used by every Group entity worldwide, this tool under the Human Resources heading of the Group's website received a large number of job applications in 2008.

Evolution between 2006 and 2008

In 2008, the Group hired 784 employees under permanent employment contracts.

These figures apply to all of the Group's activities worldwide. 56.6% of these new staff were hired outside France.

| Recruitment permanent contracts by geographic region | 2006 | 2007 | 2008 |
|--|------------|------------|------------|
| France | 282 | 223 | 340 |
| Europe (excl. France) | 69 | 74 | 86 |
| North America | 154 | 161 | 169 |
| Asia | 135 | 168 | 169 |
| Rest of the world | 17 | 22 | 20 |
| TOTAL ARKEMA | 657 | 648 | 784 |



EMPLOYEES

Human resources policy

Breakdown by category and sex

In 2008, 32.8% of new recruits concerned managerial profiles. Women accounted for 24.9% of these recruitments.

| By geographic region at 31/12/2008 | Managerial | Non Managerial | Male | Female |
|------------------------------------|------------|----------------|------------|------------|
| France | 114 | 226 | 244 | 96 |
| Europe (excl. France) | 22 | 64 | 67 | 19 |
| North America | 87 | 82 | 134 | 35 |
| Asia | 28 | 141 | 127 | 42 |
| Rest of the world | 6 | 14 | 17 | 3 |
| TOTAL ARKEMA | 257 | 527 | 589 | 195 |

Relations with the world of education

The Group fosters special relations with the best educational and training structures for all its activities.

In France, ARKEMA sponsors for example *Ecole Supérieure de Physique et Chimie Industrielle (ESPCI)* in Paris and *Ecole Nationale Supérieure des Industries Chimiques* in Nancy (ENSIC). Mindful of optimising recruitment for its support functions, ARKEMA also fosters permanent contact with business schools, in particular ESSEC and ESCP-EAP.

In the United States, every year the Developing Engineer Program enables ARKEMA to take on four to six engineering undergraduates from the top American universities for concrete training internships on its industrial sites over five years.

ARKEMA also offers every year many opportunities for training, apprenticeship contracts, graduation projects, and international volunteer internships (*volontaire internationale en entreprise*, VIE), which help build up a recruitment pool.

17.1.3 ORGANIZATION OF THE WORKING WEEK

In every country, the Group implements working hours that comply with legal and professional requirements.

Employees work full time, and to a lesser extent part time. For example, at Arkema France in 2008, 301 people were employed on a part-time basis from a total of 5,982 employees.

Bearing in mind the specific features of the Group's industrial activities, the organization of the working week involves, for some employee groups, continuous, discontinuous or semi-continuous work regimes.

At Arkema France, these work regimes concerned 33.7% of employees in 2008.

In the event of additional workload or particular problems, the Group can, based on local current legislation and on the local job market, resort to fixed-term employment contracts, overtime, subcontracted work, or temporary staff agencies.

By way of example, the number of overtime man-hours at Arkema France was 90,000 in 2008.

In 2008, the number of hours off work (excluding authorised leave) at Arkema France was 444,900, i.e. about 3.97% of total man-hours.

17.1.4 CAREER MANAGEMENT

17.1.4.1 Players and tools

Career management is implemented at ARKEMA for Operators, Office Workers, Technicians and Supervisors ('OETAM'), as well as for managerial or executive personnel. It involves the following players and tools:

➤ career managers are responsible for following up employees throughout their professional path;

➤ career managers are organized into Corporate pool for managerial personnel and local pool for OETAM personnel;

➤ professional paths are developed taking account of both the employees' contracts and skills, and the Company's needs;

➤ the human resources development pole of the Shared Services Centre, organized by region, affords OETAM personnel region-wide mobility;

Present in many countries and regions, ARKEMA seeks to develop a human resources policy based on the principles of diversity and equality of chances.

For OETAM personnel, a proactive policy towards internal promotion and career path fluidity has been set out formally within a GPEC (*Gestion Prévisionnelle de l'Emploi et des Compétences*) (Manpower and Skill Planning) agreement signed by 4 of the 5 trade unions that are representative at Group level.

In order to make everyone more accountable for their own career development, specific interviews have been put in place at various career milestones. In-depth interviews conducted by career managers are designed to help employees appraise the opportunities offered by ARKEMA and build their professional project. These interviews take place on completion of the first third of their career (around the age of 35) and at the beginning of the last third (around the age of 45).

17.1.4.2 International experience

The Group conducts its activities in Europe, America and Asia. It runs 3 international human resources management programs that help capitalize on its international diversity by developing the skills of its personnel around the world.

► International experts

Senior experts are sent to certain countries to work on major projects for the Group if their particular expertise is not already available locally. Their assignment is to launch and oversee the project, train the personnel, and transfer their skills. A number of these experts are currently involved in the Group's development projects in China.

► Development program – a career landmark outside the home country

ARKEMA offers its young executives the opportunity to spend a few years abroad. This allows them to discover other practices, while giving them an additional asset in the progress of their career. Following a 2 to 3 year foreign posting, they return home, ready to share the wealth of new skills they have gained.

► Exposure training

This 3 to 6 month training program allows ARKEMA personnel to broaden their field of expertise on one of the Group's sites used as training venue. This program utilizes the diversity and wealth of skills available within the Group, and is of as much benefit to those employees attending the training as it is to the host teams who are able to discover another culture.

17.1.5 TRAINING AND DEVELOPMENT

Giving employees the means to develop skills and to contribute to technical, social and economic progress represents a major challenge for training initiatives which especially focus on ARKEMA's values and strategy.

ARKEMA's training policy is designed to respond to the following two major challenges:

- to reinforce the sharing of a common culture in terms of safety and environment, management practices, values, and understanding of the Company's environment;
- to allow all employees to take on and adapt to change (new tools, key projects, and changes in level of responsibility).

Safety, environment and industrial reliability represent a major part of the volume of training hours.

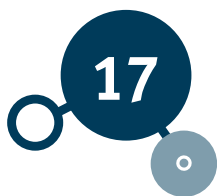
By way of example, the training plan at Arkema France in 2008 provided for 45,771 hours for "Health Safety Environment and Quality" training, and 25,079 hours for "cross-technology" out of a total of 175,909 training hours, i.e. 26% and 14% respectively of the total amount of training hours.

Additionally, the scope of training available at ARKEMA aims to promote cultural mix and closer contact between employees through sharing experiences. New recruits take part in integration seminars organized on a worldwide basis, to acquaint themselves with the Group's organization and activities while taking advantage of an environment that is conducive to sharing in a culture common to the various countries in which ARKEMA operates.

The "Arkema Management Way" seminar allows managers to familiarize themselves with the Group's values, namely simplicity, solidarity, performance and accountability, and the resulting managerial model to adapt their behavior and that of their team members to the challenges of their own entity.

Through its 'amplitude' process, ARKEMA assists employees who attain management posts (promotion to executive, plant manager, BU manager posting, etc.).

In accordance with French legislation, there is also in France an 'individual right to training' (*droit individuel à la formation* – DIF). This is used by employees as part of their career paths with a view to advancing their qualifications.



17.1.6 COMPENSATION POLICY

Overall compensation is a key element of the Group's human resources policy. It aims to valorize and reward fairly the contribution from every employee to the Group's success.

The policy fulfils a number of objectives:

- compensate individual and collective performance;
- develop a sense of responsibilities in everyone, and involve all personnel in the achievement of objectives;
- ensure competitiveness within the job market;
- compensate fairly, and ensure consistency internally;
- controlling costs.

To strengthen the link between contribution and compensation, all executive posts have been rated in accordance with the Hay method. For these employees therefore, based on their level of responsibility, compensation includes a variable part the amount of which depends on individual performance and on the contribution to the collective performance of a BU, a country or the Group.

In France, profit-sharing and incentive agreements give every employee the opportunity to share in the results and the progress achieved by their entities.

Finally, free share allocation plans and stock option plans, introduced in 2006, 2007 and 2008, are also part of the compensation policy.

The Group validates its overall compensation policy through regular benchmarking against comparable companies.

17.1.7 INTEGRATION OF DISABLED EMPLOYEES IN THE WORKPLACE

In 2008, Arkema France employed 187 disabled people.

Following the expert diagnosis conducted at the end of 2007, Arkema France and the 5 trade unions concluded on 9 June 2008 an initial company agreement in support of maintaining disabled people in employment or helping them find employment. The agreement covers every possible area of action in order to promote access to employment or the retention of employment for people who are disabled or become disabled at some stage in their life, and assist with their recruitment, integration and career path. It also provides for promoting the employment of young people within the Company

in order to help raise the level of qualification of young disabled employees. Specific undertakings have been made over a 3-year period. This agreement has been approved by the Departmental Employment and Labor Authority.

In the United States, Arkema Inc. implements an active policy in terms of recruiting, training and promoting disabled employees. This policy aims to increase diversity within the teams in line with the principles laid down in the "Equal Employment Opportunities" directive implemented by Arkema Inc.

17.2 Safety in Action

ARKEMA places the safety and security of its activities, the health of people, and the protection of the environment at the top of its priorities. ARKEMA is a signatory to Responsible Care®, a voluntary initiative for a responsible management of activities and products, based on a continuous improvement drive. Two programs in particular are being deployed worldwide: Safety in Action to promote and strengthen a safety culture in every employee, and Common Ground®

to develop relations of trust with society at large (see section 17.6 of this reference document).

From its creation, ARKEMA has translated this policy into commitments, as set out in the Group's Health, Safety, Environment and Quality Charter.

17.2.1 EVOLUTION OF SAFETY RECORDS

Since 2006, through everyone’s concerted efforts, ARKEMA’s safety records, for own personnel and subcontracted personnel, have improved significantly, in particular with a 30% reduction in the lost-

time injury rate. Preventive actions will be continued, driven by a desire and ambition to rank among the best in the profession.

| Safety at work – ARKEMA’s own personnel and subcontracted personnel | 2006 | 2007 | 2008 | 2009 target |
|--|------|------|------|-------------|
| LTIR | 3.6 | 2.4 | 2.7 | 2.0 |
| TRIR | 8.4 | 7.1 | 5.9 | 5.5 |

LTIR = Lost-Time Injury Rate
TRIR = Total Recordable Injury Rate

17.2.2 THREE COMPLEMENTARY COMPONENTS

ARKEMA’s “Safety in Action” initiative is based on three complementary components:

- a technical component, covering primarily the prevention of major risks on the industrial sites and during the transport of hazardous materials;
- a component based on the quality of production operations, with the introduction of safety management systems adapted to the specificities of each industrial site. These management systems are regularly audited and validated by internal and external

auditors on the basis of the ISRS (International Safety Rating System) reference database;

- a behavioral component, including safety and health at the workstation, as improvement in performance is closely linked to the implementation of a common safety culture. Since 2004, the human behavior factor for everyone on industrial sites, i.e. ARKEMA employees and subcontractors, has been taken increasingly into account in the Company’s action plans.

17.2.3 ACTION ON BEHAVIOR

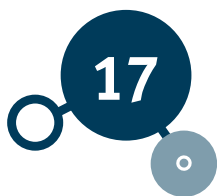
To improve both individual and collective behavior, ARKEMA provides its industrial facilities with universal practical tools that can be used by everyone around the world.

- “High Points” refer to scheduled meetings with discussions, held four times a year, allowing every team on an industrial site to exchange and discuss ideas, after watching a short film lasting a few minutes shot on one of the Group’s industrial sites. Each film is based on a scenario chosen from a number devised by the local teams on a given safety topic. The members of the team whose scenario has been picked take part as actors in the production of the film.

The screening of these films gives rise to discussions which help analyze everyday practices in the workplace, and commit the teams to taking up collective actions designed to improve behaviors and eliminate situations carrying risks.

- Peer observation

After being tested successfully in the United States, Germany and the Netherlands, the principle of peer observation of behavior in the midst of situations involving risks has now been deployed around the world. Using a structured observation method, each site begins by defining the method that best suits their own specific features (type of risks and nature of the activities). Next, the personnel puts the method into practice, with co-workers with similar qualifications observing each other while carrying out their duties on the site. The cross-observation principle helps capitalize on positive experiences and a collective search for solutions to develop risk awareness and improve practices. Therefore it contributes to a reduction in the number of accidents.



17.2.4 HEALTH AND SAFETY AT WORK

► Protection of health at the workstation

ARKEMA developed in 2007 a tool called “Daliha” for monitoring individual exposure to toxic products, which is used jointly by occupational physicians and HSE departments in France. Daliha is due to be rolled out in other European countries in 2009, with a similar tool already introduced in the United States in 2007 and 2008. Another tool, called « MRT - *Management des risques et des tâches* » (Risk and Task Management), was rolled out in France in 2008, and in the United States at the beginning of 2009. This comprehensive workplace risk analysis software helps with overseeing improvement actions.

► “No drugs, no alcohol”

In September 2007, ARKEMA’s Executive Committee approved the launch of a drug and alcohol prevention initiative across the Group.

The program is based in particular on:

- a worldwide directive dated 23 April 2007 setting out ARKEMA’s basic requirements in this regard;
- implementation within each site, overseen by the site manager, the occupational physician, the human resources manager, and the HSE manager so that the specifics of each country and local actions already in place may be taken into account. Deployment across the Group was completed before 1 January 2008 (by which time every site was required to be implementing the directive).

The preventive measures include:

- information of all personnel,

- preventive plans rolled out on the sites,

- regular checks.

In France, occupational physicians on the sites of Arkema France attend training by IPPSA (*Institut de Promotion de la Prévention Secondaire en Addictologie* which provides backup and expert advice) to gain a deeper understanding of the issues involved in alcohol and drug abuse; similar provisions will be put in place in other countries.

► Raising awareness of good health practices

Arkema Inc. has developed the “Health at Work” initiative for all its employees in the United States. Launched in early September 2007, the project supports health programmes across the company by encouraging employees to take control of their health or continue with whatever approach they may already be following. It is based on five cornerstones: fight against obesity, giving up smoking, physical exercise, nutrition, and health information.

In France, the Group has organized training called « *Sommeil, Alimentation, Travail* » (Sleeping, Eating, Working) for members of occupational health departments.

► Prevention of psychosocial risks

Arkema is addressing the issue by setting up an in-house steering committee in order to define a concerted assessment method applicable throughout the Company, as well as an awareness/training program for occupational physicians, human resources teams, management, and health, safety and working conditions committees.

17.3 Dialogue with social partners and Group's development

To help further its transformation in an ever-changing industrial environment, the Group promotes dialogue and trust in its relations with the trade unions.

17.3.1 AN ONGOING DIALOGUE WITH EMPLOYEE REPRESENTATIVES

17.3.1.1 Levels of dialogue with employee representatives

As part of its labor relations policy, the Group is developing an ongoing dialogue with employee representatives, across all Group entities, in accordance with local laws and regulations.

At European level, the management and the members of the Special Negotiating Group (*Groupe Spécial de Négociation* - GSN) concluded on 27 February 2007, with a majority of GSN members in favor (13 out of 15), an agreement establishing the European Works Council. The agreement was presented to the European and French trade unions for signature, and ratified on 21 March 2007 by the FECCIA, CGT, CFE-CGC, CGT-FO and CFTC trade unions.

A meeting establishing the European Works Council was held at the Group's headquarters in Colombes on 10 July 2007. The European Works Council comprises 27 appointed members (18 French, 2 Italian, 2 German, 1 Spanish, 1 British, 1 Belgian, 1 Dutch, 1 Polish) and the 5 French trade union coordinators.

The European Works Council holds a one-and-a-half day plenary meeting once a year to discuss issues within its remit, in particular:

- economic issues: market trends, commercial situation, level of activity, main strategic areas, development prospects, and objectives;
- financial issues: review of the Group's consolidated financial statements, review of annual report, investments;
- labor issues: the Group's labor policy, employment situation - current and future;
- environmental issues: the Group's policy, changes in European regulations;
- organizational issues: substantial changes regarding the Group's organization, evolution of its activities, creation or closure of activities concerning at least two European Union countries.

A plenary meeting was held at the headquarters of Arkema S.A. on 9 and 10 July 2008.

The liaison office of the European works council, which comprises 11 members, meets with the management once every six months. The liaison office held its first meeting on 7 November 2007 at the Colombes headquarters.

In 2008, members of the liaison office of the European works council met in Rho (Italy) on 12 March 2008 and at the headquarters of Arkema S.A. on 28 November 2008.

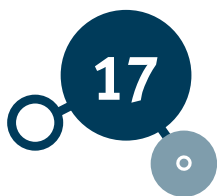
In the People's Republic of China, the first "Employee Representatives Congress" (ERC) of Arkema China Investment, ARKEMA's main structure in China, was elected on 20 December 2007 and put in place in January 2008. This body comprises 30 members who elected among them the five members of the "Presidium". The prerogatives of ERC are many, ranging from pay negotiations to safety and to training. This body complements the "Labour Unions" already in place in the Chinese industrial facilities.

17.3.1.2 Review of agreements reached

In France, the Group continues to put in place a contractual employment policy that resulted, in the course of 2008, in the signature on 13 March 2008 of a review agreement on the Group savings plan regulation.

Arkema France reached 10 company agreements over the course of 2008. The main agreements were as follows:

- wage agreement for 2008 signed on 4 January 2008 by 4 out of the 5 trade union organizations;
- agreement on the composition of the Central Works Council signed on 8 October 2008 by every trade union organization;
- agreement on Ark'Santé healthcare costs refund provisions signed on 8 September 2008 by 4 out of the 5 trade union organizations;
- agreement signed on 9 June 2008 by every trade union organization in support of maintaining disabled people in employment or helping them find employment;
- agreement on incentive payments signed on 4 April 2008 by 4 out of the 5 trade union organizations;
- agreement on the use of new information and communication technologies signed on 21 February 2008 by every trade union organization;
- amendments to framework agreement on early retirement provisions financed by Arkema France as part of the plans for the future of the human resources and accounting functions for all Arkema France entities and of the organization of the Marseille



EMPLOYEES

Dialogue with social partners and Group's development

(France) and Serquigny (France) sites, signed by every trade union organization on 10 April, 15 January and 24 June 2008 respectively.

Outside France, the employee relation policy within the Group and its affiliates is carried out based on local practices applicable to staff representation and employee/management relations.

► Germany: At Ehrhingshausen, an agreement was reached on 10 December 2008 with the trade union organizations as part of support measures relating to the proposed future of the site's organization.

► Italy: Trade union representatives from the Rho site signed on 23 December 2008 an agreement with the management of Arkema Srl for support measures relating to the site's proposed competitiveness plan.

► United States: Employees in facilities with trade union representation are covered by collective agreements negotiated with local and central union organizations. These agreements have an average term of 3 years except for the Calvert City (2 years) and Birdsboro (5 years) sites, and cover in particular wages, employee benefits, and working conditions. In 2008, an agreement was renegotiated at Bristol.

17.3.2 EMPLOYEE RELATIONS AND GROUP'S DEVELOPMENT

The Group's actions are part of a structured initiative involving joint consultation with and working alongside employee representative organizations to accommodate changes in the Group.

More specifically, the various reorganization plans that the Group has decided to initiate and implement have been accompanied by more in-depth exchanges as part of the employee representative organization information and consultation process at both central and local level. The Group pays particular attention to the treatment of the social impact of these changes.

► On 12 October 2007 the management of the ARKEMA Marseille Saint-Menet site (France) presented to the Works Council a project for the future of the site aimed at consolidating its activities over the long term. The project entailed the loss of 48.5 positions and a 10% increase in production capacity for the monomer of Rilsan® 11 polyamide. Every employee concerned benefited from a suitable redeployment opportunity.

► On 21 January 2008, the management of the ARKEMA Serquigny site (France) initiated an information and consultation procedure with its Works Council on a proposed reorganization of the site, which specializes in the manufacture of specialty polyamides. The implementation of the plan resulted in the loss of 49 positions. Taking account of internal mobility possibilities within the site itself and the negotiation of early retirement packages, redeployment solutions were identified for everyone concerned.

► On 7 February 2008, an information and consultation procedure was initiated with the Central Works Council of Arkema France for the proposed creation of two Shared Services Centers in the Lyon region for the Human Resources and Accounts functions. The project entailed the loss of 132 positions within Arkema France entities and the creation of 102 positions within the two Shared Services Centers. At the end of 2008, 19 employees were seeking redeployment solutions.

► On 9 April 2008 the Functional Additives BU announced the closure of production at its Axis site (Alabama, United States) for methacrylate butadiene styrene (MBS) impact modifiers marketed under the tradename Clearstrength®, to concentrate its world production at the Vlissingen facility in the Netherlands. This industrial reorganization project led to the loss or redeployment of 23 positions.

► On 18 June 2008 Alphacan presented to its central works council a project for the reorganization of its Celle Saint-Cloud headquarters (France) and its Gaillac plant (France). The implementation of this plan entails the loss of 29 positions. By January 2009, 13 people were offered a suitable solution.

► On 25 August 2008 the trade unions at the Pomezia plant (Italy) were informed of the proposed closure of the plant (PMMA BU). From the 31 position losses, 11 people took retirement or early retirement, and 19 people are looking for external redeployment, with 15 of them using the external employment services offered by the Company.

► At the beginning of October 2008, personnel representatives from the Samarate site (Italy) - Resilia (vinyl compounds) – were notified of a proposed reorganization that would lead to the loss of 25 positions. A support agreement has been reached with the trade unions.

► In November 2008, a draft plan for improving the competitiveness of the Rho facility (Italy) - Arkema Srl – was announced to the trade unions, which concluded an agreement with the management on 23 December 2008. The project entails the loss of 17 positions including 14 in the plant. The proposed solutions for the personnel concerned include retirement or early retirement, as well as resignation. This plan follows on from the plan launched in 2007 which had entailed the loss of 34 positions. This plan had been the subject of an agreement with the trade unions, signed on 14 November 2007. By mid-2009, there will have been 31 retirement or early retirement cases and 3 resignations.

- In December 2008, an information and consultation process involving the members of Arkema France's central works council was initiated regarding a proposed reorganization of the Saint-Auban and Jarrie sites (France). The project would result in the loss of 169 positions. The management has undertaken to devote all necessary efforts to facilitating internal transfers within the Group and, where necessary, external transfers for those employees concerned by job losses. The negotiation of early retirement packages is also being considered for the Jarrie site (France).
- In December 2008 members of the central works council were informed of a plan for the proposed future of the Goods and Services Procurement organization at Arkema France. The project aims to centralize in the Lyon region all purchasing functions from the various industrial sites, and would lead to the loss of 41 positions around the sites and the creation of 24 positions in the Lyon region.
- On 11 December 2008, the central works council of Alphacan was informed of the proposed industrial reorganization of the Profiles business in France. The project would entail the loss of 37 positions resulting from the closure of the Hasparren site (France), and the creation of 12 positions at Alphacan's other 3 Profiles sites in France.
- In December 2008 personnel representatives from Alphacan's Miranda site (Spain) were informed of the proposed shutdown of this activity, leading to the site's closure and the loss of 79 positions.
- On 2 December 2008 the head office employees of Arkema's UK subsidiary (Solihull) were informed of a plan to close the head office in two stages (June 2009 for back office functions and December 2009 for all remaining functions). This closure involves the loss of 15 positions.
- At the end of 2008 personnel representatives from the Arkema GmbH Ehringshausen site (Germany) were informed of a plan for the future of the organization, leading to the loss of 20 positions. A framework agreement has been concluded with the trade unions.
- On 11 March 2009, ARKEMA's central works council was informed of a plan to shut down production of ethyl methyl ketone at the La Chambre (France) industrial site by the end of 2009 and the disposal of the marketing and sales assets to Sasol Solvents Germany GmbH. This project would result in the loss of 22 positions, and include investments to consolidate the site's other activities.

17.4 Welfare - Retirement

17.4.1 WELFARE AND EMPLOYEE BENEFITS

The Group's various entities in France and abroad are responsible for ensuring that the social security and employee benefit provisions are in keeping with their needs and with local practices, within the constraints of the agreed annual budgets.

Welfare schemes are in place in most countries, and cover at least risks related to death and disability. A study conducted in 2008 showed that the guaranteed payment levels in the event of death represent at least two years' salary.

Following over twelve months of negotiation, Arkema France put in place with effect from 1 January 2009 a harmonized medical expenses refund scheme, on the basis of a collective agreement signed on 8 September 2008 by 4 trade unions.

This mutual medicare fund called Ark'Santé is part of ARKEMA's Human Resources policy, and aims to offer every employee a consistent and high-quality level of social welfare benefits, at a competitive and controlled cost.

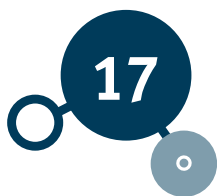
17.4.2 SUPPLEMENTARY PENSION SCHEMES

Supplementary pension plans – Arkema S.A.

Some executives benefit from defined benefit supplementary pension schemes, for which provisions have been made in the consolidated and corporate financial statements as detailed in section 16.2 of this reference document.

Supplementary pension plans – Arkema France

In France, some employees benefit from defined benefit supplementary pension schemes of the differential type. These schemes were transferred from Rhône-Poulenc companies and various companies in the Pechiney Group. They were set up in the 1950s, and were closed to employees hired after 1973 at the latest.



EMPLOYEES

Collective compensation, employee savings schemes and employee share ownership

The corresponding liabilities (all rights acquired by retired beneficiaries at the date of transfer and rights acquired up to the date of transfer for those still in employment) were outsourced to CNP Assurance on 31 December 2004.

Rights still to be acquired by scheme members still in employment are covered by provisions in the Group's accounts as they are acquired, and give rise to regular payments of an additional premium.

Two years into the implementation of this insurance contract, it was decided to ensure that the assumptions made at the time of outsourcing were still valid. An actuarial study to estimate future pensions for people still in employment was launched at the end of 2007. The findings of this study have been included in the Group's consolidated accounts.

Group Pension Plans – Significant international subsidiaries

In some countries where basic mandatory pension plans do not guarantee an adequate income, the Group's entities have set up defined benefit pension plans.

In order to limit the corresponding liabilities, these entities have gradually closed their schemes to new entrants, replacing them with defined contribution schemes.

This is the case in the United Kingdom and Germany where defined benefit schemes were closed to new entrants from 1 January 2002, on which date defined contribution schemes were set up.

In the United States, the following changes were made in 2006:

- ▶ the defined benefit plan was closed to employees recruited after 1 January 2007;
- ▶ the rights accrued by employees aged under 50 at 31 December 2007 will be frozen and retained definitively.

Finally, it should be noted that the Total Group retained pension liabilities relating to retired persons prior to 1 January 2005 in the United States.

In the Netherlands, changes were made to the pension plan in 2006 to comply with new regulations, and the payment of a pension before the statutory pensionable age is no longer allowed. The corresponding pension liabilities are covered by an insurance policy in accordance with the law.

17.5 Collective compensation, employee savings schemes and employee share ownership

17.5.1 INCENTIVES AND PROFIT SHARING

In addition to the profit-sharing scheme required by law in France, the Group's French companies have set up an incentive scheme giving all employees a share of profits and incentives to meet certain performance objectives, so as to promote the Group's growth.

These schemes are specific to each subsidiary, but based on the same principles: incentive compensation is made up of two components, firstly a bonus based on the economic results, and secondly a performance bonus defined by each facility based on achieving objectives specific to each facility.

The incentive agreement of Arkema France was renegotiated by a collective agreement signed on 4 April 2008 by the CFDT, CFE-CGC, CFTC and CGT-FO trade unions. It is valid for three years, and covers the 2008, 2009 and 2010 financial years. Total incentive compensation that can be paid out for a given year represents a maximum of 5.4% of total payroll.

Furthermore, in accordance with law n°2006-1770 dated 30 December 2006, and on a decision of the Board of Directors of Arkema France meeting on 25 February 2008, an additional incentive payment was made in 2008 to every Arkema France employee, in the sum of €500 per person.

17.5.2 EMPLOYEE SAVINGS SCHEMES

A Group Savings Plan (*Plan d'Épargne Groupe* – PEG) allows employees of member companies to make voluntary contributions and invest their profit-sharing and incentive income.

They enjoy matching funding of up to €800/year from the employer, covering profit-sharing and incentive income as well as voluntary contributions.

The investment structures available are the 'Arkema Actionariat France' company investment collective fund (*Fonds Commun de Placement d'Entreprise* - FCPE) entirely invested in the Company's shares, and a range of multi-company FCPE funds offering the choice of investment in different asset classes (equities, bonds, money market) and thus allowing employees to diversify their savings.

17.5.3 EMPLOYEE SHARE OWNERSHIP

ARKEMA is keen to pursue an active policy of encouraging employee share ownership and intends, from time to time, to carry out capital issues reserved for employees in order to involve them closely with the future growth of the Group.

Using the delegation of powers it had been granted by the annual general meeting of 10 May 2006, the Board of Directors meeting on 17 January 2008 decided to proceed with a share capital increase reserved for Group employees, the characteristics of which were determined at a Board of Directors meeting on 4 March 2008.

The subscription price was set at €30.42 per share with €10 nominal value, with an effective date of 1 January 2007. The subscription period covered 25 March 2008 to 13 April 2008 close of business.

The operation was open to employees of the Company and affiliated companies, under the conditions laid down in article L.233-16 of the French Commercial Code (*Code de commerce*), which participate in the PEG-A savings scheme, and for which local administrative

authorizations have been obtained. It was also open to former employees of Arkema S.A. and its subsidiaries who have now retired but still have assets in the company savings plan.

19 countries participated in the operation, with some 4,000 subscriptions registered.

The operation resulted in the subscription of 618,462 shares, taking employee shareholding in Arkema S.A. from 1% to just over 2%.

The Arkema S.A. share capital increase was recorded on 30 April 2008 by the Company's Chairman and Chief Executive Officer, by delegation of the Board of Directors.

The extraordinary annual general meeting of 20 May 2008 renewed the delegation granted to the Board of Directors with regard to decisions to carry out capital issues reserved for employees in order to continue involving them closely with the future growth of the Group.

17.5.4 STOCK OPTIONS AND FREE SHARE ALLOCATIONS

The combined annual general meeting of 10 May 2006 authorized the Board of Directors of Arkema S.A. to put in place a stock option plan and a free share allocation plan for employees of the Group in order to involve them closely with the Group's future growth as well as its stock market performance.

In implementing this authorization and on recommendation from the Nominating and Compensation Committee, the Board of Directors, meeting on 4 July 2006 and 14 May 2007, put in place stock option plans and free share allocation plans.

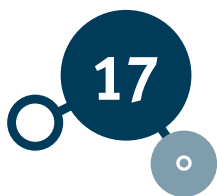
On recommendation from the Nominating and Compensation Committee, the Board of Directors meeting on 13 May 2008 validated the list of beneficiaries of a stock option plan and two free share allocation plans.

Stock option plans

Options to subscribe for shares are granted for an eight-year period. The exercise price of the option is the average listed price for the shares during the twenty trading days prior to the date of allocation of the options, with no discount applied.

These options may only be exercised after an initial two-year period, provided the bearer is still employed by the Group, and shares acquired by the exercise of options may not be sold for a further two-year period.

The number of beneficiaries of the 2008 plan is of the order of 100 people.



EMPLOYEES

Collective compensation, employee savings schemes and employee share ownership

STOCK OPTION PLANS FOR ARKEMA S.A. AT 31 DECEMBER 2008

| | 2006 | 2007 | 2008 | Total |
|--|-------------|-------------|-------------|-----------|
| Date of annual general meeting | 10 May 2006 | 10 May 2006 | 10 May 2006 | - |
| Date of Board meeting | 4 July 2006 | 14 May 2007 | 13 May 2008 | - |
| Total number of options granted to / number of shares that may be subscribed by: | 540,000 | 600,000 | 460,000 | 1,600,000 |
| - directors | | | | |
| Thierry Le Hénaff | 55,000 | 70,000 | 52,500 | - |
| - the 10 employees receiving the largest number of options ⁽¹⁾ | 181,000 | 217,000 | 169,350 | - |
| Date from which options may be exercised | 5 July 2008 | 15 May 2009 | 14 May 2010 | - |
| Closing date of plan | 4 July 2014 | 14 May 2015 | 13 May 2016 | - |
| Exercise price (in euros) | 28.36 | 44.63 | 36.21 | - |
| Number of options exercised by: | 1,150 | - | - | 1,150 |
| - directors | - | - | - | - |
| - the 10 non-director employees ⁽¹⁾ who exercised the largest number of options | 1,150 | - | - | 1,150 |
| Number of options cancelled | 4,000 | 7,800 | - | 11,800 |
| Number of options outstanding at 31/12/2008 | 534,850 | 592,200 | 460,000 | 1,587,050 |

(1) Employees of Arkema S.A. and of any Group company who are not directors of Arkema S.A.

Free share allocation plans

The free allocation of shares is not definitive until the end of a two-year period (the acquisition period).

After the acquisition period, and subject to the conditions set by the plan, shares are definitively acquired by the beneficiaries, who must then hold them for a further two-year period (the holding period) before they can sell them.

The first 2008 plan concerns employees with responsibilities impacting the Group's results. Under this plan, the definitive allocation of shares is subject to the fulfilment of a performance condition based on the improvement of the Group's results, set by the Board of Directors meeting on 13 May 2008.

The second 2008 plan concerns (i) employees whose performance has been outstanding, and whom the Group wishes to reward and retain, as well as (ii) employees of Group subsidiaries based in countries where it has not been possible, because of local legislation or the Group's low presence in the country in question, to offer subscription to the 2008 share capital increase reserved for employees. Implementation of this plan is not subject to any performance condition.

The number of beneficiaries of both 2008 plans stands at 872 people.

FREE SHARE ALLOCATION PLANS FOR ARKEMA S.A. AT 31 DECEMBER 2008

| | 2006 | 2007 | 2008 | | Total |
|---|-------------|-------------|-------------|-------------|---------|
| Date of annual general meeting | 10 May 2006 | 10 May 2006 | 10 May 2006 | | |
| Date of Board meeting | 4 July 2006 | 14 May 2007 | 13 May 2008 | | |
| | | | Plan 1 | Plan 2 | - |
| Total number of rights to free share allocation to: | 150,000 | 125,000 | 135,556 | 44,444 | 455,000 |
| - directors: | | | | | |
| Thierry Le Hénaff | 8,000 | 7,000 | 14,000 | - | - |
| - the 10 employees receiving the largest number of shares ⁽¹⁾ | 30,500 | 21,700 | 44,170 | 1,830 | - |
| Acquisition date | 5 July 2008 | 15 May 2009 | 14 May 2010 | 14 May 2010 | - |
| Performance condition | Yes | Yes | Yes | No | - |
| Availability | 5 July 2010 | 15 May 2011 | 14 May 2012 | 14 May 2012 | - |
| Number of rights to free share allocation | 150,000 | 125,000 | 135,556 | 44,444 | 455,000 |
| Number of shares acquired on 31 December 2008 | 141,105 | - | - | - | 141,105 |
| Number of rights cancelled at 31 December 2008 | 8,895 | 995 | - | - | 9,890 |
| Number of rights to free share allocation outstanding at 31 December 2008 | - | 124,005 | 135,556 | 44,444 | 304,005 |
| Number of shares available to directors | - | - | - | - | - |

(1) Employees of Arkema S.A. and of any Group company who are not directors of Arkema S.A.

Moreover, in accordance with legal and regulatory requirements, stock option plans and free share allocation plans agreed by the Board of Directors require the directors of Arkema S.A. and the members of

the Group's Executive Committee to retain, until termination of office, part of the shares from the stock options they have exercised and part of the shares granted definitively.

17.6 Corporate citizenship and welfare initiatives

Developed over the last few years, Common Ground® is an innovative community relations initiative designed to acquaint all stakeholders, in particular the communities living in the vicinity of our industrial sites, with Arkema's activities and products.

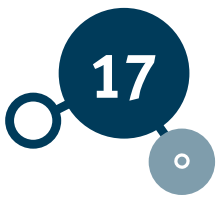
The Common Ground® initiative is based on the following principles:

- ▶ listening in order to understand the concerns and expectations of our stakeholders;
- ▶ regular dialogue with all stakeholders: elected officials, local residents, local associations, and the world of education, in order

to explain the nature of our activities, the way our plants operate, and the end-purpose of our products;

- ▶ the promotion of a prevention culture to continuously improve industrial safety and the protection of health and the environment.

Originally launched in France, Common Ground® has been gradually rolled out in every country in which ARKEMA operates through many types of actions: open days, plant tours, public information meetings, exhibitions, safety promotion days.



EMPLOYEES

Corporate citizenship and welfare initiatives

➤ ARKEMA and the French Red Cross signed a partnership agreement for first-aid training on 14 October 2005. The program was available to company employees as well as people living near the 30 industrial sites run by ARKEMA and its subsidiaries in France, with the objective of raising awareness in 5,000 people over two years. Training has been dispensed since mid-2006, at the headquarters and on the French industrial sites of ARKEMA and its subsidiaries, with around 4,500 people attending, almost half of whom from outside the Group. This partnership for first-aid training came to a close at the end of 2008. ARKEMA and the French Red Cross are working together at setting out a new joint action which, through its civic nature, would fit in naturally with the Common Ground® agenda.

➤ The *Fête de la Science* (science fair) takes place all over France, on the initiative of the deputy minister for Research and Education. This is a key event whereby researchers, academics, manufacturers and engineers meet the general public and schoolchildren to foster dialogue and promote access to new knowledge.

Several ARKEMA industrial sites, in a number of French regions, played an active role in this national event. This was the case in particular with the Serquigny plant in Normandy which took part on 13 November 2008 in a 'Science Village' whose theme was science and agriculture - a theme which aptly lent itself to the presentation of Rilsan® 11, the only polyamide entirely derived from a renewable vegetable raw material, namely castor oil. On the other side of France, in Savoie, throughout the three days of the *Fête de la Science*, employees from ARKEMA's La Chambre plant met with some 400 visitors to the Science Village: students, teachers from the region's schools and colleges, and the general public. Visitors had the opportunity to find out about the applications of chemistry through everyday articles, demonstrations on various topics, videos, display panels and brochures.

The active participation of ARKEMA personnel in the *Fête de la Science* has helped publicize ARKEMA and its products with the general public. By promoting dialogue, openness and reaching out to different audiences, the *Fête de la Science* aptly fits in with the Common Ground® initiative.

➤ The 2008 survey conducted by the TNS Sofres institute on the perception of ARKEMA's industrial sites has vindicated the Common Ground® initiative. Conducted in April 2008, this survey is part of a program initiated by ARKEMA in 2002, and was repeated in 2005 and in 2008 to evaluate the impact of the Company's progress initiative in the areas of safety, environment and community relations.

The 2008 survey was conducted via telephone interviews with people living near 7 ARKEMA industrial sites in France, namely Balan, Jarrie, Pierre-Bénite, Lacq-Mourenx, Lannemezan, Marseille, and Serquigny. 1,750 interviews took place, i.e. 250 per site.

Its findings show a more favorable climate globally, compared to that prevailing in 2002 and 2005, in particular with a drop in people's concerns about industrial risk and chemicals. By contrast, there was greater awareness of environmental and public health risk. Indeed, the safety of industrial sites now ranks seventh among the public's concerns, well below pollution, unemployment and the management of waste, which are the top three issues.

The study underlines a further consolidation of the level of information and confidence in people living near ARKEMA's industrial sites. People are in fact better informed about the possible consequences of an accident and the precautions taken by ARKEMA to prevent them. They also take part in the sites' safety drills in greater numbers.

➤ In the United States, the Science Teacher Program of Arkema Inc. has benefited hundreds of teachers and thousands of children from primary and secondary schools, most of them from disadvantaged backgrounds.

Teachers spend a week of intensive training on industrial sites, experimenting with practical tools designed to make the teaching of science subjects more appealing. Throughout the school year, they have the support of researchers from Arkema Inc., and receive funding to purchase equipment they will use for their classroom experiments. Teachers also have the opportunity to visit the industrial facilities to learn more about manufacturing methods and the applications of products manufactured by the chemical industry.

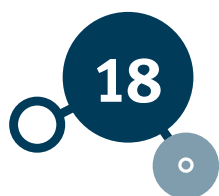
The Science Teacher Program is deployed around 13 industrial sites of Arkema Inc. across several US states.

Meanwhile, ARKEMA also contributes to "social welfare initiatives", which encompass the various activities or services developed for the benefit of its personnel and their families. These initiatives are run either directly or via the works councils. They are highly diverse, ranging from mutual health benefit schemes and catering, to cultural and sporting activities. These various events on average involve 4% of the total payroll of Arkema France every year.



18 Main shareholders

| | | |
|-------------|--|------------|
| 18.1 | Share ownership and voting rights | 136 |
| 18.2 | Double voting rights and limitations on number of voting rights | 138 |
| 18.3 | Termination of limitations on number of voting rights | 138 |
| 18.4 | Control of the Company | 138 |



MAIN SHAREHOLDERS

Share ownership and voting rights

18.1 Share ownership and voting rights

To the best of the Company's knowledge, the ownership of Arkema S.A. shares at 31 December 2006, 31 December 2007, and 31 December 2008 was as follows:

| | 2008 | | | 2007 | | 2006 | |
|---|--------------------|--------------------|--------------------------------|--------------------|--------------------|--------------------|--------------------|
| | % of share capital | % of voting rights | % of theoretical voting rights | % of share capital | % of voting rights | % of share capital | % of voting rights |
| 1. Shareholders declaring owning at least 5% of share capital and/or voting rights | | | | | | | |
| Greenlight Capital ^(a) | 10.6 | 10.0 | 10.0 | 10.6 | 10.6 | 10.6 | 10.6 |
| Dodge & Cox ^(b) | 10.1 | 9.5 | 9.5 | 9.9 | 9.9 | 5.0 | 5.0 |
| JP Morgan AM ^(c) | n/a | n/a | n/a | n/a | n/a | 5.0 | 5.0 |
| Groupe Bruxelles Lambert ^(d) | 3.9 | 3.7 | 3.7 | 3.9 | 3.9 | 3.9 | 3.9 |
| Compagnie Nationale à Portefeuille ^(d) | 1.3 | 2.6 | 2.6 | 1.3 | 1.3 | 1.3 | 1.3 |
| Total ^(e) | 4.2 | 7.8 | 7.8 | 4.2 | 4.2 | 4.2 | 4.2 |
| Barclays Global Investors ^(f) | n/a | n/a | n/a | 5.9 | 5.9 | n/a | n/a |
| 2. Other institutional shareholders | 57.8 | 54.4 | 54.4 | 54.1 | 54.1 | 60.3 | 60.3 |
| of which holders of ADRs ^(g) | 1.9 | 1.8 | 1.8 | 3.6 | 3.6 | 3.7 | 3.7 |
| 3. Group employees ^(h) | 2.6 | 2.4 | 2.4 | 1.0 | 1.0 | 0.7 | 0.7 |
| 4. Individual shareholders | 9.4 | 9.6 | 9.5 | 9.1 | 9.1 | 9.0 | 9.0 |
| 5. Treasury shares | 0.1 | 0.0 | 0.1 | n/a | n/a | n/a | n/a |
| TOTAL | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

* Pursuant to article 223-11 of the general regulation of *Autorité des marchés financiers*, the number of theoretical voting rights is calculated on the basis of all shares to which voting rights are attached, including shares without voting rights. At 31 December 2008, this number stood at 64,206,452 shares.

The breakdown of the share capital of Arkema S.A was established on the basis of 60,454,973 shares corresponding to 64,166,745 voting rights at 31 December 2008, including 3,751,479 shares with double voting rights, and 60,453,823 shares corresponding to 60,453,823 voting rights at 31 December 2007 and 31 December 2006. TPI procedures were carried out at the end of the three years. To the Company's knowledge and based on its register, no share of the Company has been pledged, or used as a guarantee or a surety.

(a) Greenlight Capital LLC, Greenlight Capital Inc and DME Advisors LP reported that on 13 June 2006, they crossed over the 10% threshold of the share capital and voting rights of the Company. These companies made a declaration of intent to the *Autorité des marchés financiers* (French financial markets authority) on 20 June 2006 on the occasion of this threshold crossing, in which they stated that "operations have been and will be continued depending on market opportunities".

(b) Dodge & Cox reported that on 13 July 2006 it crossed over the 5% threshold of the share capital and voting rights of the Company.

Dodge & Cox reported that on 22 April 2008 it crossed over the 10% threshold of the share capital and voting rights of the Company. On the same date Dodge & Cox made a declaration of intent to *Autorité des marchés financiers*, explaining that "the customers of Dodge & Cox [...] intended to acquire additional ARKEMA shares over the next twelve months, should the market conditions and the evolutions concerning the issuer make the investment attractive. It is therefore not the intention of Dodge & Cox to acquire the control of ARKEMA or obtain a representation on the Board of Directors of ARKEMA."

(c) JP Morgan Asset Management (UK) reported that on 18 August 2006 it crossed over the 5% threshold of the share capital and voting rights of the Company. JP Morgan Asset Management (UK) reported that on 2 March 2007, it crossed downward the 5% threshold of the share capital and voting rights of the Company.

(d) Groupe Bruxelles Lambert is jointly controlled by the Desmarais family and Frère-Bourgeois S.A.; Frère-Bourgeois S.A.'s interest in Groupe Bruxelles Lambert is held mainly via its direct and indirect interests in Compagnie Nationale à Portefeuille.

(e) *Société anonyme* Total reported that on 18 May 2008 it crossed directly and indirectly over the 5% threshold of the voting rights of the Company. Furthermore, Fingestval stated that on 18 May 2008 it crossed over individually the 5% threshold of the voting rights of the Company. These thresholds crossings are the result of an allocation of double voting rights.

(f) The company Barclays Global Investors UK Holding Ltd, acting on behalf of its subsidiaries, stated that it crossed over the 5% threshold of the share capital and voting rights of the Company on 2 August 2007.

Barclays Global Investors Limited, Barclays Global Investors N.A., Barclays Global Fund Advisors and Barclays Global Investors (Deutschland) AG reported that on 19 June 2008 they crossed downward in concert the 5% threshold of voting rights, and on 24 June 2008 the 5% threshold of the Company's share capital.

Barclays Global Investors UK Holding Limited reported, on behalf of the management companies of the Barclays group, that they crossed over the 5% threshold of the Company's share capital on 3 February 2009.

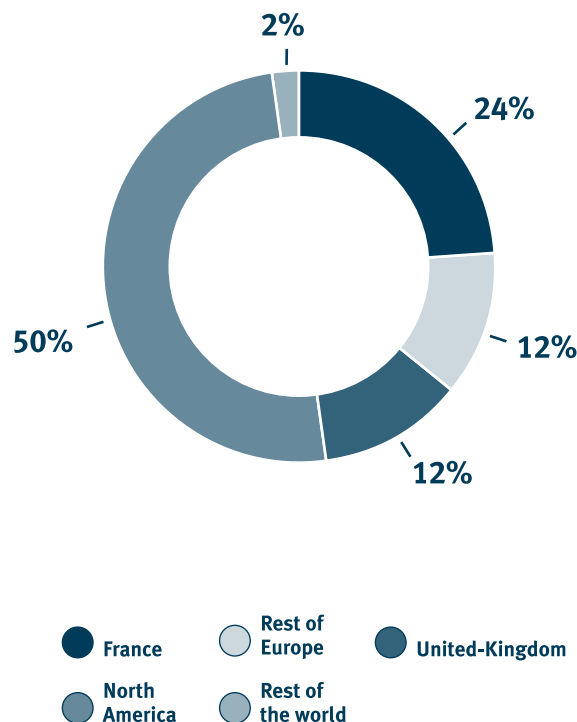
Barclays Global Investors UK Holding Limited reported, on behalf of the management companies of the Barclays group, that they crossed downward the 5% threshold of the Company's share capital on 18 March 2009.

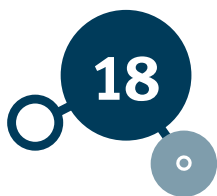
(g) American Depositary Receipts. The Company has established an ADR program in the United States and to this end entered into a Deposit Agreement with Bank Of New York on 18 May 2006.

(h) Based on the definition of employee share ownership within the meaning of article L.225-102 of the *Code de Commerce*.

Crédit Agricole Asset Management acting on behalf of the "Arkema Actionnariat France" FCPE (fonds commun de placement d'entreprise – company investment collective fund) that it manages, reported that the FCPE crossed, on 6 April 2009, the 5% threshold of the voting rights following the grant of double voting rights and on 9 April 2009, the 5% threshold of the share capital of the Company following acquisition of shares and owns 5.05% of the share capital and 7.29% of the voting rights of the Company.

GEOGRAPHIC SHARE OWNERSHIP BREAKDOWN (ESTIMATED AT 31 DECEMBER 2008)





18.2 Double voting rights and limitations on number of voting rights

Articles 17.3 and 17.4 of the Articles of Association limit the percentage of voting rights held by a given shareholder to 10% of the total number of voting rights attached to the Company's shares, and confer double voting rights at the end of a period of two years after the shares have been registered, such double voting rights being limited to 20% of the total number of voting rights attached to the Company's shares.

The provisions regarding double voting rights and limitations on the number of voting rights, approved by the combined annual general meeting of shareholders on 10 May 2006, are described in section 21.2.6 of this reference document.

18.3 Termination of limitations on number of voting rights

The limitations provided in the Articles of Association and described in section 21.2.6 of this reference document shall lapse, without the need for the adoption of a new resolution by the extraordinary general meeting, when a natural person or a legal entity, acting separately or in concert with one or more natural persons or legal

entities, comes to hold at least two-thirds of the total number of shares in Arkema S.A. following a public offering for all Arkema S.A. shares. The Board of Directors then recognizes that the limitations have lapsed and carries out the related formalities to amend the Articles of Association.

18.4 Control of the Company

As of the date of this reference document, the Company is not controlled directly or indirectly by any shareholder.

As of the date of this reference document and to the best of the Company's knowledge, there is no shareholders' pact which if implemented could result in the acquisition of control over the Company.



19 Related party transactions

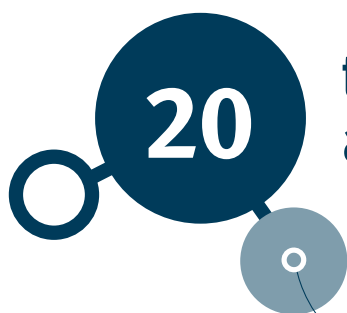
The majority of companies not consolidated by the Group as of the date of this reference document are listed in chapter 25 of this reference document. Some of these companies sell products or provide services to companies consolidated by the Group.

In addition, certain consolidated Group companies sell products or provide services to certain non-consolidated companies.

These transactions, taken separately or together, are not material. They were entered into under ordinary conditions

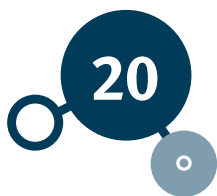
comparable to those applicable to similar transactions with third parties.

A description of related-party transactions is provided in note 26 of the notes to consolidated financial statements contained in chapter 20 of this reference document and in the statutory auditors' special report on regulated agreements and commitments which is included in annex 2 of this reference document.



Financial information concerning the assets, financial conditions and results of the issuer

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FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL CONDITIONS AND RESULTS OF THE ISSUER

Report from statutory auditors on consolidated financial statements

20.1 Report from statutory auditors on consolidated financial statements

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the annual financial statements. The report also includes information relating to the specific verification of information in the management report. This report, together with the statutory auditors' report addressing financial and accounting information in the Chairman's report on internal control, should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.

KPMG Audit

Département de KPMG S.A.
1, cours Valmy
92923 Paris-La Défense Cedex

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

ERNST & YOUNG Audit

Faubourg de l'Arche
11, allée de l'Arche
92037 Paris-La Défense Cedex

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

Arkema

Year ended 31 December 2008

Statutory auditors' report on the consolidated financial statements

To the shareholders,

Following our appointment as statutory auditors by your general meetings, we present herewith our report for the year ended 31 December 2008, on:

- the audit of the consolidated financial statements of ARKEMA, as enclosed with this report;
- the justification of our assessments;
- the specific verification required by French law.

The consolidated financial statements were approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement. An audit includes verifying, on a test basis or by other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the data which we collected was sufficient and appropriate to provide a reasonable basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities, the financial position of the entities included in the consolidation as at 31 December 2008, and the results of its operations for the year then ended in accordance with IFRS as adopted by the EU.

II. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de Commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

► Each year, the Group tests its property, plant and equipment and intangible assets for impairment following the methodology described in note 5 of chapter B of the notes to the financial statements (“Accounting principles”). Cash flow forecasts and other assumptions underlying the computation of amortization were estimated at 31 December 2008 in a context of acute volatility in raw materials markets and an undeniable difficulty in gauging the economic outlook. It is in this context that we examined the methodology used for these impairment tests together with the underlying data and assumptions used and the calculations made by the Group. We also verified that the disclosures made in note 5 of chapter B of the notes to the financial statements, as well as notes 4, 10 and 11 of chapter C “Notes to the consolidated financial statements” provide an appropriate level of information.

Furthermore, note 7 of chapter B of the notes to the financial statements (“Accounting principles”) sets out the inventory valuation methods. In the context described above, we examined the data, assessed the assumptions made, and verified that note 15 of chapter C “Notes to the consolidated financial statements” provides an appropriate level of information.

► The Group books provisions to notably cover environmental risks, litigations in respect of competition law and restructuring costs, following the principles disclosed in note 8 of chapter B of the notes to the financial statements (“Accounting principles”). Notes 20.1 and 20.2.1 of chapter C to the consolidated financial statements also disclose contingent liabilities reported in this respect. On the basis of available information, our work consisted in analyzing the procedures used by management to identify and measure risks subject to these provisions and in examining the data and assumptions underlying the estimates provided by the Group to support such provisions, including some correspondence with lawyers, in order to assess their reasonableness. We also verified that the disclosures made in notes 4 regarding other income and expenses, notes 19.2, 19.4, 19.5, 19.6 regarding provisions, notes 20.1 and 20.2.1 regarding contingent liabilities, and notes 28.2.1 and 28.2.2 regarding commitments received, of chapter C (“Notes to the consolidated financial statements”) provide an appropriate level of information.

► The Group books provisions to cover its employee pensions and other post-employment benefit liabilities using the method described in note 9 of chapter B to the consolidated financial statements (“Accounting principles”). These liabilities were essentially measured by independent actuaries. We examined the underlying data and assumptions used, and verified that the disclosures made in note 9 regarding the impact of reclassifications on the 2007 financial statements, and notes 19.2 and 19.3 regarding provisions, of Chapter C “Notes to the consolidated financial statements” provide an appropriate level of information.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the formation of our audit opinion expressed in the first part of this report.

III. Specific verification

In accordance with the requirements of the French law, we also verified the information relative to the Group, given in the management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris la Défense, 5 March 2009

The statutory auditors

French original signed by

KPMG Audit

Département de KPMG S.A.

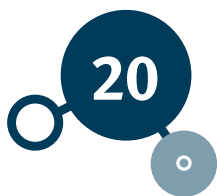
Bertrand Desbarrières
Partner

Jean-Louis Caulier
Partner

ERNST & YOUNG Audit

François Carrega
Partner

Isabelle Triquéra-Lamazière
Partner



20.2 Consolidated financial statements at 31 December 2008

CONSOLIDATED INCOME STATEMENT

| <i>(In millions of euros)</i> | Notes | 2008 | 2007 |
|--|---------|--------------|--------------|
| Sales | (C1&C2) | 5,633 | 5,675 |
| Operating expenses | | (4,840) | (4,827) |
| Research and development expenses | (C3) | (150) | (158) |
| Selling and administrative expenses | | (393) | (397) |
| Recurring operating income | (C1) | 250 | 293 |
| Other income and expenses | (C4) | (53) | (72) |
| Operating income | (C1) | 197 | 221 |
| Equity in income of affiliates | (C12) | 8 | 5 |
| Financial result | (C5) | (35) | (15) |
| Income taxes | (C6) | (69) | (104) |
| Net income of continuing operations | | 101 | 107 |
| Net income of discontinued operations | (C7) | - | 17 |
| Net income | | 101 | 124 |
| Of which: minority interests | | 1 | 2 |
| Net income - Group share | | 100 | 122 |
| <i>Earnings per share (amount in euros)</i> | (C8) | <i>1.65</i> | <i>2.02</i> |
| <i>Diluted earnings per share (amount in euros)</i> | (C8) | <i>1.65</i> | <i>2.01</i> |
| Depreciation and amortization | (C1) | (248) | (225) |
| EBITDA * | (C1) | 498 | 518 |
| Adjusted net income * | | 146 | 186 |
| <i>Adjusted net income per share (amount in euros)</i> | (C8) | <i>2.41</i> | <i>3.08</i> |
| <i>Diluted adjusted net income per share (amount in euros)</i> | (C8) | <i>2.41</i> | <i>3.06</i> |

* See note B-19 Accounting policies / Main accounting and financial indicators

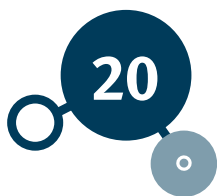
The accounting policies applied in preparing the consolidated financial statements at 31 December 2008 are identical to those used in the consolidated financial statements at 31 December 2007, except for the policies described at the start of note B Accounting policies.

CONSOLIDATED BALANCE SHEET

| <i>(In millions of euros)</i> | Notes | 31 December 2008 | 31 December 2007 |
|---|--------|------------------|------------------|
| Assets | | | |
| Intangible assets, net | (C10) | 466 | 460 |
| Property, plant and equipment, net | (C11) | 1,638 | 1,525 |
| Equity affiliates: investments and loans | (C12) | 53 | 42 |
| Other investments | (C13) | 22 | 24 |
| Deferred income tax assets | (C6) | 25 | 18 |
| Other non-current assets | (C14)* | 137 | 127 |
| TOTAL NON-CURRENT ASSETS | | 2,341 | 2,196 |
| Inventories | (C15) | 1,026 | 1,017 |
| Accounts receivable | (C16) | 838 | 1,000 |
| Other receivables and prepaid expenses | (C16) | 149 | 160 |
| Income taxes recoverable | (C6)* | 22 | 14 |
| Other current assets | | 30 | 1 |
| Cash and cash equivalents | (C17) | 67 | 58 |
| Total assets of discontinued operations | | - | - |
| TOTAL CURRENT ASSETS | | 2,132 | 2,250 |
| TOTAL ASSETS | | 4,473 | 4,446 |
| Liabilities and shareholders' equity | | | |
| Share capital | | 605 | 605 |
| Paid-in surplus and retained earnings | * | 1,476 | 1,446 |
| Treasury shares | | (1) | - |
| Cumulative translation adjustment | | (84) | (140) |
| SHAREHOLDERS' EQUITY – GROUP SHARE | (C18) | 1,996 | 1,911 |
| Minority interests | | 22 | 21 |
| TOTAL SHAREHOLDERS' EQUITY | | 2,018 | 1,932 |
| Deferred income tax liabilities | (C6) | 47 | 54 |
| Provisions and other non-current liabilities | (C19)* | 835 | 846 |
| Non-current debt | (C21) | 69 | 61 |
| TOTAL NON-CURRENT LIABILITIES | | 951 | 961 |
| Accounts payable | | 690 | 786 |
| Other creditors and accrued liabilities | (C24) | 259 | 290 |
| Income taxes payable | (C6) | 17 | 15 |
| Other current liabilities | | 45 | 6 |
| Current debt | (C21) | 493 | 456 |
| Total liabilities of discontinued operations | | - | - |
| TOTAL CURRENT LIABILITIES | | 1,504 | 1,553 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 4,473 | 4,446 |

* The amounts shown at 31 December 2007 include the effects of the reclassifications described in note C9..

The accounting policies applied in preparing the consolidated financial statements at 31 December 2008 are identical to those used in the consolidated financial statements at 31 December 2007, except for the policies described at the start of note B Accounting policies.



FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL CONDITIONS AND RESULTS OF THE ISSUER

Consolidated financial statements at 31 December 2008

CONSOLIDATED CASH FLOW STATEMENT

| <i>(In millions of euros)</i> | 2008 | 2007 |
|--|--------------|--------------|
| Net income | 101 | 124 |
| Depreciation, amortization and impairment of assets | 268 | 246 |
| Provisions, valuation allowances and deferred taxes | (56) | (2) |
| (Gains)/losses on sales of assets | (38) | (96) |
| Undistributed affiliate equity earnings | (8) | (5) |
| Change in working capital ^{(1) (2)} | 56 | 47 |
| Other changes | 8 | 5 |
| Cash flow from operating activities | 331 | 319 |
| Intangible assets and property, plant, and equipment additions | (335) | (325) |
| Change in fixed asset payables ⁽¹⁾ | 5 | 9 |
| Acquisitions of subsidiaries, net of cash acquired | (18) | (294) |
| Increase in long-term loans ⁽²⁾ | (49) | (24) |
| Total expenditures | (397) | (634) |
| Proceeds from sale of intangible assets and property, plant, and equipment | 40 | 88 |
| Change in fixed asset receivables | (14) | - |
| Proceeds from sale of subsidiaries, net of cash sold | - | 105 |
| Proceeds from sale of other investments | 2 | 1 |
| Repayment of long-term loans | 27 | 27 |
| Total divestitures | 55 | 221 |
| Cash flow from investing activities | (342) | (413) |
| Issuance (repayment) of shares | 17 | 5 |
| Purchase of treasury shares | (25) | - |
| Dividends paid to parent company shareholders | (46) | - |
| Dividends paid to minority shareholders | - | - |
| Increase / decrease in long-term debt | 20 | 9 |
| Increase / decrease in short-term borrowings and bank overdrafts | 22 | (4) |
| Cash flow from financing activities | (12) | 10 |
| Net increase/(decrease) in cash and cash equivalents | (23) | (84) |
| Effect of exchange rates and changes in scope | 32 | (29) |
| Cash and cash equivalents at beginning of period | 58 | 171 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 67 | 58 |

At 31 December 2008, income taxes paid amounted to €59 million (€54 million at 31 December 2007).

Interest received and paid included in cash flow from operating activities at 31 December 2008 amounted, respectively, to €0.4 million and €26 million (€0.5 million and €16 million at 31 December 2007).

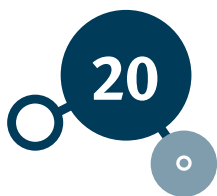
(1) (2) Compared with the cash flow statement published last year in respect of 2007, the above cash flow statement incorporates:

- the reclassification of fixed asset payables from the “Change in working capital” caption to the “Change in fixed asset payables” caption;
- the reclassification of the long-term portion of the research tax credit (RTC) from the “Change in working capital” caption to the “Increase in long-term loans” caption (see note C9 “Impact of reclassifications and corrections on the published 2007 financial statements”).

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| (In millions of euros) | Shares issued | | | | | Treasury shares | | Share- holders' equity – Group share | Minority interests | Total share- holders' equity |
|--|-------------------|------------|--------------------|----------------------|---|-----------------|------------|--|-----------------------|---------------------------------------|
| | Number | Amount | Paid-in surplus | Retained earnings | Cumulative translation adjustment | Number | Amount | | | |
| At 1 January 2007 | 60,453,823 | 605 | 1,006 | 304 | (27) | - | - | 1,888 | 15 | 1,903 |
| Cash dividend | - | - | - | - | - | - | - | - | - | - |
| Issuance of share capital | - | - | - | - | - | - | - | - | 5 | 5 |
| Purchase of treasury shares | - | - | - | - | - | - | - | - | - | - |
| Cancellation of purchased treasury shares | - | - | - | - | - | - | - | - | - | - |
| Sale of treasury shares | - | - | - | - | - | - | - | - | - | - |
| Share-based payments | - | - | - | 7 | - | - | - | 7 | - | 7 |
| Other | - | - | - | - | - | - | - | - | - | - |
| Transactions with shareholders | - | - | - | 7 | - | - | - | 7 | 5 | 12 |
| Net income | - | - | - | 122 | - | - | - | 122 | 2 | 124 |
| Income and expenses recognized directly through equity | - | - | - | 7 | (113) | - | - | (106) | (1) | (107) |
| Total recognized income and expenses | - | - | - | 129 | (113) | - | - | 16 | 1 | 17 |
| At 31 december 2007 | 60,453,823 | 605 | 1,006 | 440 | (140) | - | - | 1,911 | 21 | 1,932 |
| At 1 January 2008 | 60,453,823 | 605 | 1,006 | 440 | (140) | - | - | 1,911 | 21 | 1,932 |
| Cash dividend | - | - | - | (46) | - | - | - | (46) | - | (46) |
| Issuance of share capital | 760,717 | 7 | 10 | 1 | - | - | - | 18 | - | 18 |
| Purchase of treasury shares | - | - | - | - | - | (799,274) | (25) | (25) | - | (25) |
| Cancellation of purchased treasury shares | (759,567) | (7) | (17) | - | - | 759,567 | 24 | - | - | - |
| Sale of treasury shares | - | - | - | - | - | - | - | - | - | - |
| Share-based payments | - | - | - | 8 | - | - | - | 8 | - | 8 |
| Other | - | - | - | - | - | - | - | - | - | - |
| Transactions with shareholders | 1,150 | - | (7) | (37) | - | (39,707) | (1) | (45) | - | (45) |
| Net income | - | - | - | 100 | - | - | - | 100 | 1 | 101 |
| Income and expenses recognized directly through equity | - | - | - | (26) | 56 | - | - | 30 | - | 30 |
| Total recognized income and expenses | - | - | - | 74 | 56 | - | - | 130 | 1 | 131 |
| At 31 December 2008 | 60,454,973 | 605 | 999 | 477 | (84) | (39,707) | (1) | 1,996 | 22 | 2,018 |

The amounts shown at 1 January 2007 and 31 December 2007 include the effects of the reclassifications described in note C9.



FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL CONDITIONS AND RESULTS OF THE ISSUER

Consolidated financial statements at 31 December 2008

STATEMENT OF RECOGNIZED INCOME AND EXPENSE

AT 31 DECEMBER 2007

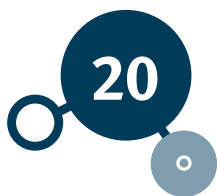
| <i>(In millions of euros)</i> | Group share | Minority interests | Total |
|--|--------------|--------------------|--------------|
| Net income | 122 | 2 | 124 |
| Changes in items recognized directly through equity | - | - | - |
| Actuarial gains and losses, net of tax | 9 | - | 9 |
| Change in translation adjustments | (113) | (1) | (114) |
| Other | (2) | - | (2) |
| Total income and expense recognized directly through equity | (106) | (1) | (107) |
| TOTAL RECOGNIZED INCOME AND EXPENSE | 16 | 1 | 17 |

AT 31 DECEMBER 2008

| <i>(In millions of euros)</i> | Group share | Minority interests | Total |
|--|-------------|--------------------|------------|
| Net income | 100 | 1 | 101 |
| Changes in items recognized directly through equity | 7 | - | 7 |
| Actuarial gains and losses, net of tax | (33) | - | (33) |
| Change in translation adjustments | 56 | - | 56 |
| Other | - | - | - |
| Total income and expense recognized directly through equity | 30 | - | 30 |
| TOTAL RECOGNIZED INCOME AND EXPENSE | 130 | 1 | 131 |

20.3 Notes to the consolidated financial statements

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FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL CONDITIONS AND RESULTS OF THE ISSUER

Notes to the consolidated financial statements

A. HIGHLIGHTS

1 Main restructuring plans in the year

The accounting impacts of these plans are presented in the "Other income and expenses" caption (see note C4).

1.1 Restructuring of certain support functions in Arkema France

During 2008, ARKEMA announced the reorganization of the Human resources, Accounting and Procurement of goods and services functions of Arkema France with a view to simplifying the organizations in question and improving their productivity. Two shared services centers were created for the Human resources and Accounting functions leading to a net loss of 30 positions.

In addition, subject to the prior information and consultation process with the works councils, all procurement units serving the French industrial sites will be centralized within a single Procurement team, leading to a net loss of 17 positions.

1.2 Restructuring in the Vinyl Products segment

In November 2008, ARKEMA announced the shut-down of two structurally loss-making businesses on two of its French sites, Jarrie and Saint-Auban. This restructuring, which has been submitted to the prior information and consultation process with the works councils, will lead to a loss of 169 positions.

In addition, in 2008, the Pipes and Profiles Business Unit (Alphacan) carried out or announced several industrial restructuring initiatives.

2 Plan to reduce greenhouse gas emissions

On 15 April 2008, ARKEMA announced a plan to reduce greenhouse gas emissions from its Forane[®] 22 production plant at the Changshu industrial facility in China. The incinerator, which has been operational since May 2008, should give rise, after certification by a specialized committee of the United Nations (UNFCCC), to an annual allowance of 3.4 million tonnes of certified emission reductions (CER, or carbon credits). In January 2009, ARKEMA received its first allowance of certified emission reductions.

3 Capital increase reserved to employees

In order to closely associate its employees with the Group's development, ARKEMA carried out a capital increase reserved to employees. This operation resulted in the subscription of 618,462 shares for a total amount of €19 million, representing more than 1% of share capital.

4 Fines related to past antitrust practices

In June 2008, the European Commission ordered Arkema France and its former parent company Elf Aquitaine to pay fines of a total amount of €59 million relating to antitrust practices in the sodium chlorate market. These fines do not have an impact on ARKEMA's results considering both the provisions already booked and the warranty mechanism agreed with Total on the occasion of the spin-off.

This decision was appealed to the Court of First Instance of the European Communities.

B. ACCOUNTING POLICIES

ARKEMA is a global chemicals player, with three coherent and related business segments: Vinyl Products, Industrial Chemicals and Performance Products.

Arkema S.A. is a French limited liability company (*société anonyme*) with a Board of Directors, subject to the provisions of book II of the French Commercial Code and to all other legal provisions applicable to French commercial companies.

The company's head office is at 420 rue d'Estiennes d'Orves, 92700 Colombes (France). It was incorporated on 31 January 2003 and the shares of Arkema S.A. are listed on the Paris stock market (Euronext) since 18 May 2006.

The consolidated financial statements of ARKEMA at 31 December 2008 were prepared under the responsibility of the Chairman and CEO of Arkema S.A. and were approved by the Board of Directors of Arkema S.A. on 4 March 2009. They will be submitted to the approval of the shareholders' general meeting of 15 June 2009.

The consolidated financial statements at 31 December 2008 were prepared in accordance with the international accounting standards issued by the IASB (International Accounting Standards Board) and as endorsed by the European Union at 31 December 2008.

The accounting framework and standards adopted by the European Commission can be consulted on the following internet site: http://ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission.

The accounting policies applied in preparing the consolidated financial statements at 31 December 2008 are identical to those used in the consolidated financial statements at 31 December 2007, except for:

- IFRS standards, amendments and interpretations, as adopted by the European Union and the IASB, that are obligatorily applicable for accounting periods commencing on or after 1 January 2008 (and which had not been applied early by the Group), being IFRIC 11 “Group and treasury share transactions”. Its application did not have any impact on the Group’s consolidated financial statements;
- IFRIC 14 “The limit on a defined benefit asset, minimum funding requirements and their interaction”, adopted by the European Union and the IASB and in force as from 1 January 2009, which was applied early by the Group. Its application did not have any impact on the Group’s consolidated financial statements;
- amendments to IAS 39 and IFRS 7 “Reclassification of financial assets”, adopted by the European Union and the IASB and in force as from 1 July 2008, whose application did not have any impact on the Group’s consolidated financial statements.

Furthermore,

- the impact of standards, amendments and interpretations published respectively by the IASB and the IFRIC (International Financial Reporting Interpretations Committee) that have been adopted by the European Union but are not yet in force at 31 December 2008 and which have not been applied early by the Group, being IFRS 8 “Operating segments”, the amendment to IFRS 2 “Share-based payment - vesting conditions and cancellations”, IAS 23 revised “Borrowing costs”, and IAS 1 revised “Presentation of financial statements” are currently being analyzed. IFRIC 13 “Customer loyalty programmes” has no impact on the financial statements;
- the impact of standards and interpretations published respectively by the IASB and the IFRIC (International Financial Reporting Interpretations Committee) that have not been adopted by the European Union at 31 December 2008, being
 - the standards, amendments and interpretations: IFRS 3 revised “Business Combinations”, IFRIC 16 “Hedges of a net investment in a foreign operation”, IFRIC 17 “Distributions of non-cash assets to owners” and the amendments to IFRS 1 and IAS 27 “Cost of an investment in a subsidiary, Jointly Controlled Entity or Associate”, IAS 32 & IAS 1 “Puttable financial instruments and obligations arising on liquidation” and IAS 39 “Eligible hedge items” are currently being analyzed,
 - IFRIC 15 “Agreements for the construction of real estate” is not expected to have an impact on the consolidated financial statements.

Preparation of consolidated financial statements in accordance with IFRS requires Group management to make estimates and retain assumptions that can have an impact on the amounts recognized in assets and liabilities at the balance sheet date, and have a corresponding impact on the income statement. Management made its estimates and determined its assumptions on the basis of past experience and taking into account different factors considered to be reasonable for the valuation of assets and liabilities. Use of different

assumptions could have a material effect on these valuations. The main assumptions made by management in preparing the financial statements are those used for the calculation of depreciation and impairment, of pension benefit obligations, of deferred taxes and of provisions. The disclosures provided concerning contingent assets and liabilities at the date of preparation of the consolidated financial statements also involve the use of estimates.

The consolidated financial statements are prepared in accordance with the historical cost convention, except for certain financial assets and liabilities which are recognized at fair value.

The consolidated financial statements are presented in millions of euros, rounded to the nearest million, unless otherwise indicated.

The principal accounting policies applied by the Group are presented below.

1 Consolidation principles

- Companies which are directly or indirectly controlled by ARKEMA have been fully included in the consolidated financial statements.
- The entities, assets and operations over which joint control is exercised are consolidated using the proportionate method.
- Investments in associates over which significant influence is exercised are consolidated under the equity method. Where the ownership interest is less than 20%, the equity method is only applied in cases where significant influence can be demonstrated.
- Shares owned in companies which do not meet the above criteria are included in other investments.

All material transactions between consolidated companies, and all intercompany profits have been eliminated.

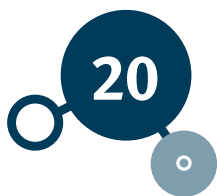
2 Foreign currency translation

2.1 Translation of financial statements of foreign companies

The functional operating currency of foreign companies in the scope of consolidation is their local currency, in which most of their transactions are denominated. Their balance sheets are translated into euros on the basis of exchange rates at the end of the period; the statements of income and of cash flows are translated using the average exchange rates during the period. Foreign exchange differences resulting from translation of the financial statements of these subsidiaries are recorded either in “Cumulative translation adjustments” in shareholders’ equity in the consolidated financial statements for the Group share or in “Minority interests” for the minority share.

2.2 Transactions in foreign currencies

In application of IAS 21 “The effects of changes in foreign exchange rates”, transactions denominated in foreign currencies are translated by the entity carrying out the transaction into its functional currency at the exchange rate applicable on the transaction date. Monetary balance sheet items are restated at the closing exchange rate at the



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Notes to the consolidated financial statements

balance sheet date. Gains and losses resulting from translation are recognized in recurring operating income.

3 Intangible assets

Intangible assets include goodwill, software, patents, trademarks, leasehold rights, development costs and electricity consumption rights. Intangible assets are recognized in the balance sheet at their acquisition or production cost, less any accumulated amortization and impairment losses recognized.

Intangible assets other than goodwill and trademarks with indefinite useful lives are amortized on a straight-line basis over 3 to 20 years depending on the pattern according to which the entity envisages using the future economic benefits related to the asset.

3.1 Goodwill and trademarks

Goodwill represents the difference between the purchase price, as increased by related costs, of shares of consolidated companies and the Group share of the fair value of their net assets and contingent liabilities at the acquisition date. Goodwill is not amortized, in accordance with IFRS 3 “Business combinations”. It is subject to impairment tests as soon as any indicators of potential impairment are identified. At a minimum, impairment tests are performed annually. The methodology used for the performance of impairment tests is described in paragraph B5 - Impairment of long-lived assets.

Trademarks with indefinite useful lives are not amortized and are subject to impairment tests.

3.2 Research and development costs

Research costs are recognized in expenses in the period in which they are incurred. Grants received are recognized as a deduction from research costs.

Under IAS 38 “Intangible assets”, development costs are capitalized as soon as ARKEMA can demonstrate, in particular:

- ▶ its intention and its financial and technical ability to complete the development project;
- ▶ that it is probable that future economic benefits attributable to the development costs will flow to the enterprise, which also implies having successfully completed the main non-toxicity studies relating to the new product; and
- ▶ that the cost of the asset can be measured reliably.

Grants received in respect of development activities are recognized as a deduction from capitalized development costs if they have been definitively earned by the Group. The Group also receives public financing in the form of repayable advances for the development of certain projects. Repayment of these advances is generally related to the future revenues generated by the development. The Group recognizes these advances in balance sheet liabilities (in the “Other non-current liabilities” caption) taking account of the probability of their repayment.

3.3 Research tax credit

The Group recognizes the research tax credit as a deduction from operating expenses.

4 Property, plant and equipment

4.1 Gross value

The gross value of items of property, plant and equipment corresponds to their acquisition or production cost in accordance with IAS 16 “Property, plant & equipment”. Gross value is not subject to revaluation.

Equipment subsidies are deducted directly from the cost of the assets which they financed. Borrowing costs relating to the acquisition or the construction of items of property, plant and equipment are not capitalized but are rather recognized in expenses in the period in which they are incurred. Routine maintenance and repairs are charged to income in the period in which they are incurred. Costs related to major maintenance turnarounds of industrial facilities which take place at intervals of greater than 12 months are capitalized at the time they are incurred and depreciated over the period between two such turnarounds.

Fixed assets which are held under finance lease contracts, as defined in IAS 17 “Leases”, which have the effect of transferring substantially all the risks and rewards inherent to ownership of the asset from the lessor to the lessee, are capitalized in assets at their market value or at the discounted value of future lease payments if lower (such assets are depreciated using the methods and useful lives described below). The corresponding lease obligation is recorded as a liability. Leases which do not meet the above definition of finance leases are accounted for as operating leases.

4.2 Depreciation

Depreciation is calculated on a straight-line basis on the basis of the acquisition or production cost. Assets are depreciated over their estimated useful lives by category of asset. The principal categories and useful lives are as follows:

- | | |
|--------------------------------------|--------------|
| ▶ machinery and tools: | 5-10 years; |
| ▶ transportation equipment: | 5-20 years; |
| ▶ specialized complex installations: | 10-20 years; |
| ▶ buildings: | 10-30 years. |

These useful lives are reviewed annually and modified if expectations change from the previous estimates. Such changes in accounting estimate are accounted for on a prospective basis.

5 Impairment of long-lived assets

The recoverable amount of property, plant & equipment and intangible assets is tested as soon as any indication of impairment is identified.

A review to identify if any such indication exists is performed at each year-end. An impairment test is performed at least once a year in respect of goodwill and trademarks.

An asset's recoverable amount corresponds to the greater of its value in use and its fair value net of costs of disposal.

Tests are performed for each autonomous group of assets, termed Cash Generating Units (CGUs). A CGU is a group of assets whose continued use generates cash flows that are substantially independent of cash flows generated by other groups of assets. They are worldwide business operations, which bring together groups of similar products in strategic, commercial and industrial terms. The value in use of a CGU is determined on the basis of the discounted future cash flows that are expected to be generated by the assets in question, based upon Group management's expectation of future economic and operating conditions over the next 5 years or, when the asset is to be sold, by comparison with its market value. In 2007 and 2008, the terminal value was determined on the basis of a growth rate of 1.5%. An after tax rate of 7.5% is used to discount future cash flows and the terminal value in both 2007 and 2008. Any impairment is calculated as the difference between the recoverable amount and the carrying amount of the CGU. Because of its unusual nature, any such impairment is presented separately in the income statement under the "Other income and expenses" caption. Impairment may be reversed, to the maximum carrying amount that would have been recognized for the asset had the asset not been impaired. Impairment recognized on goodwill cannot be reversed under any circumstances. In particular, in application of IFRIC 10, impairment losses on goodwill recognized in previous interim accounting periods cannot be reversed.

In addition, sensitivity analysis evaluating the impact of reasonable changes in the basic assumptions, and in particular the impact of a change of plus or minus 1% in the discount rate, has confirmed the carrying amounts of the different CGUs at 31 December 2008. As the Vinyl Products segment recorded negative recurring operating income at 31 December 2008, the value of its assets will be followed at 30 June 2009.

6 Financial assets and liabilities

Financial assets and liabilities are principally comprised of:

- other investments;
- loans and financial receivables included in other non-current assets;
- accounts receivable;
- cash and cash equivalents;
- debt and other financial liabilities (including accounts payable);
- derivatives.

6.1 Other investments

These instruments are accounted for, in accordance with IAS 39, as available-for-sale assets and are thus recognized at their fair value. In exceptional cases where fair value cannot be reliably determined, the securities are recognized at their historical cost. Changes in fair value are recognized directly through shareholders' equity.

If an objective indicator of impairment in the value of a financial asset is identified (particularly a material long-term decrease in its value), an irreversible impairment loss is recognized, in general, through recurring operating income. Release of such provisions only occurs at the date of disposal of the securities.

6.2 Loans and financial receivables

These financial assets are recognized at amortized cost. They are subject to impairment tests involving a comparison of their carrying amount to the present value of estimated recoverable future cash flows. These tests are carried out as soon as any indicator inferring that the present value of these assets is lower than their carrying amount is identified. As a minimum such tests are performed at each balance sheet date. Any impairment loss is recognized in recurring operating income.

6.3 Accounts receivable

Accounts receivable are initially recognized at their fair value. Subsequent to initial recognition, they are recognized at amortized cost. If required, a bad debt provision is recognized on the basis of the risk of non-recovery of the receivables.

6.4 Cash and cash equivalents

Cash and cash equivalents are liquid assets and assets which can be converted into cash within less than 3 months that are subject to a negligible risk of change in value.

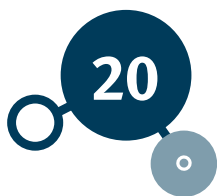
6.5 Non-current and current debt (including accounts payable)

Non-current and current debt (other than derivatives) is recognized at amortized cost.

6.6 Derivatives

The Group may use derivatives to manage its exposure to foreign currency risks and risks of changes in the prices of raw materials and energy. Derivatives used by the Group are recognized at their fair value in the balance sheet, in accordance with IAS 39.

Changes in the fair value of these derivatives are recognized within operating income and, for foreign currency instruments, in financial result for the portion of foreign exchange gains and losses corresponding to the interest income/expense reflected by the differences between the spot exchange rate and the forward exchange rate, except for those on instruments which are considered to meet the criteria for cash flow hedge accounting under IAS 39. In this case, the effective portion of the change in fair value is recognized in shareholders' equity under the "Changes in items recognized directly through shareholders' equity" caption until such time as the underlying hedged item is recognized through the income statement. Any ineffective portion is recognized in operating income.



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7 Inventories

Inventories are valued in the consolidated financial statements at the lower of cost and net realizable value, in accordance with IAS 2 “Inventories”. Cost of inventories is generally determined using the weighted average cost (WAC) method.

Cost of chemical products inventories includes raw material and direct labor costs and an allocation of production overheads and depreciation. Start-up costs and general and administrative costs are excluded from the cost of chemical products inventories.

8 Provisions and other non-current liabilities

A provision is recognized when:

- the Group has a legal, regulatory or contractual obligation to a third party resulting from past events. An obligation can also result from Group practices or public commitments that create a reasonable expectation among the third parties in question that the Group will assume certain responsibilities;
- it is certain or probable that the obligation will lead to an outflow of resources to the benefit of the third party; and
- its amount can be estimated reliably and corresponds to the best possible estimate of the commitment. In exceptional cases where the amount of the obligation cannot be measured with sufficient reliability, disclosure is made in the notes to the financial statements in respect of the obligation (See note C20 – Contingent liabilities).

When it is expected that the Group will obtain partial or total reimbursement of the cost that was provided against, the expected reimbursement is recognized in receivables if, and only if, the Group is virtually certain of the receipt.

Long-term provisions, other than provisions for pensions and similar post-employment benefit obligations, are not discounted as the Group considers that the impact of discounting would not be significant.

The current (less than one year) portion of provisions is maintained within the “Provisions and other non-current liabilities” caption. Additional disclosure is provided in note C19 Provisions and other non-current liabilities.

9 Pension and similar post-employment benefit obligations

In accordance with IAS 19 “Employee benefits”:

- payments made in the context of defined contribution plans are recognized in expenses of the period;
- obligations in respect of defined benefit plans are recognized and valued using the actuarial projected unit credit method.

Post-employment benefits

For defined benefit plans, the valuation of obligations under the projected unit credit method principally takes into account:

- an assumption concerning the date of retirement;
- a discount rate which depends on the geographical region and the duration of the obligations;
- an inflation rate;
- assumptions in respect of future increases in salaries, rates of employee turnover and increases in health costs.

Differences which arise between the valuation of obligations and forecasts of such obligations (on the basis of new projections or assumptions) and between forecasts and outcomes of returns on plan assets are termed actuarial gains and losses.

The Group has opted to recognize actuarial gains and losses directly in shareholders’ equity under the “Actuarial gains and losses” caption, in accordance with the amendment to IAS 19 of December 2004.

On modification or creation of a plan, the portion of obligations which vest immediately as a result of past service is charged immediately to income; the portion of obligations which do not vest immediately is amortized over the remaining vesting period.

The amount of the provision takes account of the value of assets which are allocated to cover pension and other post-employment benefit obligations. The value of these assets is deducted from the provision for such benefit obligations.

A pension asset can be generated where a defined benefit plan is overfunded. The amount at which such an asset is recognized in the balance sheet may be subject to a ceiling, in application of paragraph 58 of IAS 19 and of IFRIC 14.

Other long-term benefits

In respect of other long-term benefits, and in accordance with applicable laws and regulations, provisions are recognized using a simplified method. Thus, if an actuarial valuation using the projected unit cost method is required, actuarial gains and losses and all past service costs are recognized immediately in the provision, with a double entry being recognized to the income statement.

The net expense related to pension benefit obligations and other employee benefit obligations is recognized in recurring operating income, with the exception of:

- the effect of curtailments or settlements of plans which are presented under the “Other income and expenses” caption in the case of substantial modifications to such plans;
- the interest cost, the expected return on plan assets and the actuarial gains and losses related to changes in the discount rate on other long-term benefits, which are classified within the financial result caption.

At interim period ends, expenses relating to pensions and other long-term employee benefits are calculated using an extrapolation of the actuarial valuations performed at the previous year end. These

valuations are modified if significant changes have occurred in market conditions since the previous year end or in the case of settlements, curtailments or other material non-recurring events.

10 Greenhouse gas emissions allowances (EUA) and certified emission reductions (CER)

In the absence of an IFRS standard or interpretation relating to accounting for CO₂ emissions allowances, the following treatment has been adopted:

- allowances allocated without payment of consideration are recognized for a nil value;
- transactions carried out in the market are recognized at the transaction amount.

At this point, greenhouse gas emissions allowances (EUA) allocated are adequate to cover the operational needs of ARKEMA's European units and a deficit is not currently forecast. ARKEMA does not carry out a trading activity in respect of CO₂ emissions allowances. However, in the normal course of its operations, ARKEMA may carry out cash or forward sales of its surpluses. These sales do not enter into the scope of application of IAS 39 because of the "own use" exception.

The CERs produced by the Group in the context of projects to reduce its greenhouse gas emissions are recognized in inventories and sales are recorded on delivery of the CERs.

11 Recognition of sales

Sales are measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Sales are recognized on transfer to the purchaser of the risks and rewards related to ownership of the goods, which is determined mainly on the basis of the terms and conditions of the sales contracts.

12 Income taxes

12.1 Current taxes

Current taxes are the amount of income taxes that the Group expects to pay in respect of taxable profits of consolidated companies in the period. They also include adjustments to current taxes in respect of prior periods.

The French tax consolidation regime enables certain French companies in the Group to offset their taxable results in determining the tax charge for the entire French tax group. The overall tax charge is payable by Arkema S.A., as the parent company of the tax group. Tax consolidation regimes also exist in countries outside France.

12.2 Deferred taxes

The Group uses the liability method whereby deferred income taxes are recognized based upon the temporary differences between the financial statement and tax basis of assets and liabilities, as well as on tax loss carry forwards and other tax credits, in accordance with IAS 12 "Income taxes".

Deferred tax assets and liabilities are valued at the tax rates that are expected to apply in the year in which the asset will be realized or the liability settled, on the basis of tax rates (and tax legislation) that have been enacted or virtually enacted at the balance sheet date. The effect of any changes in tax rates is recognized in income for the period, unless it relates to items that were previously debited or credited through equity. Deferred tax assets and liabilities are not discounted.

Deferred tax assets are recognized to the extent that their recovery is probable. In order to assess the likelihood of recovery of such assets, account is notably taken of the profitability outlook determined by the Group and of historical taxable profits or losses.

A deferred tax liability is recognized for all taxable temporary differences related to investments in subsidiaries, associates and joint ventures, unless:

- the Group controls the timing of the reversal of the temporary difference; and
- it is probable that this difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if a legally enforceable right to offset current tax assets and liabilities exists and if they relate to income taxes levied by the same tax authority.

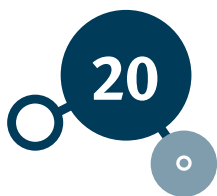
13 Information by segment

Information by segment is prepared on the basis of two separate criteria. The primary criterion is based on the Group's business segments; the secondary criterion is based on the main geographical areas in which the Group operates.

The financial information for each business segment is reported on the same basis as that used internally by management in assessing segment performance and in allocation of segment resources.

The Group's activities are conducted through three business segments: Vinyl Products, Industrial Chemicals and Performance Products.

- Vinyl Products includes Chlorine/Caustic Soda, PVC, Vinyl Compounds and downstream converting (Pipes and Profiles). They are used in areas such as water treatment, healthcare, hygiene, electronics, sports and leisure and automobile equipment.
- Industrial Chemicals brings together Acrylics, Specialty Acrylic Polymers as from 1 October 2007, PMMA, Thiochemicals, Fluorochemicals and Hydrogen Peroxide. These intermediates are used as raw materials in numerous industrial sectors such



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as refrigeration, insulation, production of paper pulp, textiles, pharmaceuticals, animal feed, ink and paint, electronics and the automobile sector.

- Performance Products brings together Technical Polymers, Specialty Chemicals, Functional Additives and, up until 31 October 2007, Urea Formaldehyde Resins. Performance Products are used in a variety of sectors from transport to sporting equipment, cosmetics to medical equipment, construction, civil engineering and even electronics.

Functional and financial activities which cannot be directly allocated to operational activities (notably certain research costs and central costs) are brought together under a Corporate section.

14 Cash flow statements

Cash flows in foreign currencies are translated into euros using the average exchange rates of each period. Cash flow statements exclude foreign exchange differences arising from the translation into euros of assets and liabilities recognized in balance sheets denominated in foreign currencies at the end of the period (except for cash and cash equivalents). In consequence, cash flows cannot be recalculated on the basis of the amounts shown in the balance sheet.

Changes in short-term borrowings and bank overdrafts are included in cash flows from financing activities.

15 Share-based payments

In application of IFRS2 "Share-based payments", the stock options and free shares granted to management and certain Group employees are measured at their fair value at the date of grant, which generally corresponds to the date of the Board of Directors' meeting.

The fair value of the options is calculated using the Black & Scholes model. It is recognized in personnel expenses on a straight-line basis over the period from the date of grant to the date from which the options can be exercised.

The fair value of rights under free share grants corresponds to the opening market price of the shares on the day of the Board of Directors meeting that decides on the grant, adjusted for dividends not received during the vesting period. It is recognized in personnel expenses on a straight-line basis over the vesting period of the rights.

16 Earnings per share

Earnings per share correspond to the division of net income (Group share) by the weighted average number of ordinary shares in circulation since the start of the year.

Diluted earnings per share correspond to the division of net income (Group share) by the weighted number of ordinary shares, both of these figures being adjusted to take account of the effects of all dilutive potential ordinary shares.

The effect of dilution is thus calculated taking account of stock options and grants of free shares to be issued.

17 Business combinations

The Group uses the purchase accounting method for the recognition of all business combinations entering into the scope of IFRS 3. The cost of a business combination corresponds to the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree, plus any costs directly attributable to the acquisition. The Group recognizes, at the acquisition date, the identifiable assets of the acquiree, together with the identifiable liabilities and contingent liabilities assumed, at fair value. Purchased goodwill is recognized as an asset and is initially valued at the excess of the acquisition cost over the acquirer's share in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Negative goodwill is recognized immediately in the income statement.

Where the business combination agreement provides for a purchase price adjustment depending on future events, the Group includes the amount of this adjustment in the cost of the business combination at the acquisition date if the adjustment is probable and can be measured reliably.

The Group has a period of 12 months from the acquisition date to finalize accounting for a given business combination.

18 Discontinued operations and non-current assets held for sale

A discontinued operation is defined, according to IFRS 5, as a component of the Group's activity that either has been disposed of, or is classified as held for sale and which represents a separate major line of business or geographical area of operations that forms part of a single coordinated disposal plan.

The income statement, cash flow statement and balance sheet items relating to discontinued operations are presented in a specific note to the financial statements for the current financial year, with comparatives for the previous year.

The Group presents, for the financial year in question, assets and liabilities of continuing operations in the standard manner, to which assets and liabilities of discontinued operations and non-current assets held for sale are added. These latter assets and liabilities are not offset but are rather presented respectively in two specific balance sheet captions. The balance sheet of the previous financial year is not modified.

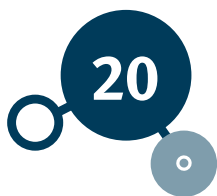
The Group presents, for the financial year in question and the previous financial year, the income statement of continuing operations in the standard manner, to which a single amount representing the income or loss after tax of discontinued operations is added.

For the two financial years considered, the Group presents the cash flow statement without distinguishing between continuing operations and discontinued operations. Disclosures regarding the cash flows of discontinued operations are nevertheless provided in a specific note to the financial statements.

19 Main accounting and financial indicators

The main performance indicators used are as follows:

- **Operating income:** this includes all income and expenses of continuing operations other than financial result, equity in income of affiliates and income taxes;
- **Other income and expenses:** these correspond to a limited number of well-identified non-recurring items of income and expense of a particularly material nature that the Group presents separately in its income statement in order to facilitate understanding of its recurring operational performance. These items of income and expense notably include:
 - impairment losses in respect of property, plant and equipment and intangible assets,
 - gains or losses on sale of assets,
 - certain large restructuring and environmental expenses which would hamper the interpretation of recurring operating income (including substantial modifications to employee benefit plans and the effect of onerous contracts),
 - certain expenses related to litigation and claims or major damages, whose nature is not directly related to ordinary operations;
- **Recurring operating income:** this is calculated as the difference between operating income and other income and expenses as previously defined;
- **Adjusted net income:** this corresponds to “Net income – Group share” adjusted for the “Group share” of the following items:
 - other income and expenses, after taking account of the tax impact of these items,
 - income and expenses from taxation of an exceptional nature, the amount of which is deemed significant,
 - net income of discontinued operations;
- **EBITDA:** this corresponds to recurring operating income increased by depreciation and amortization;
- **Working capital:** this corresponds to the difference between inventories, accounts receivable, other receivables and prepaid expenses and income tax receivables on the one hand and accounts payable, other creditors and accrued liabilities and income tax liabilities on the other hand. These items are classified in current assets and liabilities in the consolidated balance sheet;
- **Capital employed:** this is calculated by aggregating the net carrying amounts of intangible assets, property, plant and equipment, equity affiliate investments and loans, other investments, other non-current assets (excluding deferred tax assets) and working capital;
- **Net debt:** this is the difference between current and non-current debt and cash and cash equivalents.



C. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

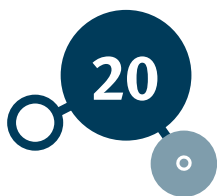
Note 1 INFORMATION BY BUSINESS SEGMENT

Operating income and assets are allocated between business segments prior to inter-segment adjustments. Sales prices between segments approximate market prices.

| 31 December 2008 <i>(In millions of euros)</i> | Vinyl Products | Industrial Chemicals | Performance Products | Corporate | Group Total |
|---|---------------------------|---------------------------------|---------------------------------|------------------|--------------------|
| Non-Group sales | 1,443 | 2,582 | 1,602 | 6 | 5,633 |
| Inter segment sales | 64 | 151 | 16 | - | |
| Total sales | 1,507 | 2,733 | 1,618 | 6 | |
| Recurring operating income | (25) | 218 | 92 | (35) | 250 |
| Other income and expenses | (36) | (9) | (2) | (6) | (53) |
| Operating income | (61) | 209 | 90 | (41) | 197 |
| Equity in income of affiliates | 7 | - | 1 | - | 8 |
| Details of certain significant non-cash expenses by segment: | | | | | |
| Depreciation and amortization | (39) | (123) | (85) | (1) | (248) |
| Asset impairment charges | - | (2) | - | - | (2) |
| Provisions | (11) | 29 | 22 | 13 | 53 |
| EBITDA | 14 | 341 | 177 | (34) | 498 |
| Employees at year end | 3,982 | 5,797 | 5,009 | - | 14,788 |
| Intangible assets and property, plant and equipment, net | 370 | 1,145 | 567 | 21 | 2,103 |
| Investments in equity affiliates | 48 | - | 5 | - | 53 |
| Non-current assets (excluding deferred income tax assets) | 10 | 23 | 34 | 92 | 159 |
| Working capital | 238 | 438 | 409 | (30) | 1,055 |
| Capital employed | 666 | 1,606 | 1,015 | 83 | 3,370 |
| Provisions | (204) | (182) | (196) | (219) | (801) |
| Deferred income tax assets | - | - | - | 25 | 25 |
| Deferred income tax liabilities | - | - | - | (47) | (47) |
| Net debt | - | - | - | 495 | 495 |
| Intangible assets and property, plant, and equipment additions | 98 | 146 | 86 | 5 | 335 |
| Of which additions of an exceptional nature | 19 | 15 | - | - | 34 |

| 31 December 2007 (In millions of euros) | Vinyl Products | Industrial Chemicals | Performance Products | Corporate | Group Total |
|---|-------------------|-------------------------|-------------------------|-------------|---------------|
| Non-Group sales | 1,418 | 2,529 | 1,723 | 5 | 5,675 |
| Inter segment sales | 63 | 158 | 18 | - | |
| Total sales | 1,481 | 2,687 | 1,741 | 5 | |
| Recurring operating income | 65 | 178 | 97 | (47) | 293 |
| Other income and expenses | (12) | (43) | (8) | (9) | (72) |
| Operating income | 53 | 135 | 89 | (56) | 221 |
| Equity in income of affiliates | 4 | - | 1 | - | 5 |
| Details of certain significant non-cash expenses by segment: | | | | | |
| Depreciation and amortization | (26) | (111) | (86) | (2) | (225) |
| Asset impairment charges | - | (2) | - | - | (2) |
| Provisions | 10 | (16) | (8) | 41 | 27 |
| EBITDA | 90 | 289 | 184 | (45) | 518 |
| Employees at year end | 4,000 | 5,866 | 5,143 | - | 15,009 |
| Intangible assets and property, plant and equipment, net | 294 | 1,118 | 555 | 18 | 1,985 |
| Investments in equity affiliates | 38 | - | 4 | - | 42 |
| Non-current assets (excluding deferred income tax assets) | 7 | 20 | 30 | 94 | 151 |
| Working capital | 293 | 427 | 416 | (41) | 1,095 |
| Capital employed | 632 | 1,565 | 1,005 | 71 | 3,273 |
| Provisions | (209) | (202) | (202) | (204) | (817) |
| Deferred income tax assets | - | - | - | 18 | 18 |
| Deferred income tax liabilities | - | - | - | (54) | (54) |
| Net debt | - | - | - | 459 | 459 |
| Intangible assets and property, plant, and equipment additions | 111 | 124 | 83 | 7 | 325 |
| Of which additions of an exceptional nature | 44 | - | - | - | 44 |

The amounts shown at 31 December 2007 include the effects of the reclassifications described in note C9



FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL CONDITIONS AND RESULTS OF THE ISSUER

Notes to the consolidated financial statements

Note 2 INFORMATION BY GEOGRAPHICAL AREA

Non-Group sales are presented on the basis of the geographical location of customers. Capital employed is presented on the basis of the location of the assets in question.

| 31 December 2008 | | | | | | |
|--|--------|----------------|----------------------|-------|-------------------|--------|
| (In millions of euros) | France | Rest of Europe | NAFTA ⁽¹⁾ | Asia | Rest of the world | Total |
| Non-Group sales | 1,017 | 2,267 | 1,238 | 788 | 323 | 5,633 |
| Capital employed | 1,954 | 376 | 767 | 231 | 42 | 3,370 |
| Intangible assets and property, plant, and equipment additions | 208 | 28 | 58 | 41 | - | 335 |
| Employees at year end | 8,955 | 2,158 | 2,266 | 1,321 | 88 | 14,788 |

| 31 December 2007 | | | | | | |
|--|--------|----------------|----------------------|-------|-------------------|--------|
| (In millions of euros) | France | Rest of Europe | NAFTA ⁽¹⁾ | Asia | Rest of the world | Total |
| Non-Group sales | 1,041 | 2,332 | 1,264 | 747 | 291 | 5,675 |
| Capital employed | 1,942 | 393 | 721 | 183 | 34 | 3,273 |
| Intangible assets and property, plant, and equipment additions | 219 | 27 | 53 | 26 | - | 325 |
| Employees at year end | 9,179 | 2,133 | 2,341 | 1,254 | 102 | 15,009 |

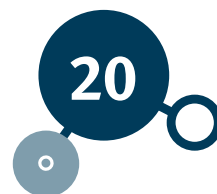
(1) NAFTA: United States, Canada, Mexico.

Note 3 RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses include salaries, purchases, sub-contracting costs, depreciation and amortization.

Note 4 OTHER INCOME AND EXPENSES

| (In millions of euros) | 2008 | | | 2007 | | |
|--|--------------|-----------|-------------|--------------|-----------|-------------|
| | Expenses | Income | Net | Expenses | Income | Net |
| Restructuring and environmental charges | (100) | 37 | (63) | (101) | 11 | (90) |
| Goodwill impairment charges | - | - | - | (1) | - | (1) |
| Asset impairment charges (other than goodwill) | (2) | - | (2) | (18) | 17 | (1) |
| Litigation and claims | (12) | - | (12) | (27) | - | (27) |
| Gains (losses) on sales of assets | - | 23 | 23 | - | 47 | 47 |
| Other | - | 1 | 1 | - | - | - |
| TOTAL OTHER INCOME AND EXPENSES | (114) | 61 | (53) | (147) | 75 | (72) |



In 2008, net restructuring and environmental charges amount to €63 million, of which €59 million relates to restructuring plans announced in the year, mainly in the Vinyl Products segment (€42 million) and the Corporate segment (€13 million) (see A1 Highlights).

Expenses relating to litigation and claims mainly correspond to the consequences of hurricane Ike which hit Texas (USA), as well as to costs of antitrust proceedings and litigation.

The gains on sale of assets notably relate to sales of real estate assets in France, including in particular the sale of the R&D center in Levallois (France).

In 2007, restructuring and environmental expenses included restructuring costs in the Vinyl Products segment (€10 million), the Industrial Chemicals segment (€46 million) and the Performance Products segment (€38 million).

Restructuring and environmental income mainly includes the sale of industrial assets in the context of restructuring measures.

Impairment losses were reversed on some assets, however these were offset by new impairment losses on other assets belonging to the Industrial Chemicals segment.

Expenses relating to litigation and claims mainly corresponded to the fire which occurred at Lavéra (France) for a net amount of €23 million, as well as to costs of antitrust proceedings and litigation.

The gains on sale of assets mainly concerned the sale of the Urea Formaldehyde Resins business based on the Leuna site to Hexion, the sale of the Amines business at Riverview to Taminco (USA) and the proceeds from the sale of land at Tacoma (USA).

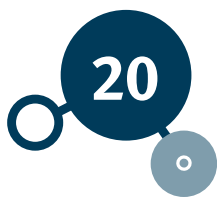
Note 5 FINANCIAL RESULT

Financial result includes (i) the cost of debt, (ii) as regards provisions for employee benefits, the interest cost, the expected return on plan assets and the actuarial gains and losses related to changes in the discount rate on other long-term benefits and (iii) the portion of foreign exchange gains and losses corresponding to the interest income/expense reflected by the difference between the spot exchange rate and the forward exchange rate.

The financial result is a net expense of €35 million at 31 December 2008 (€15 million at 31 December 2007). The cost of debt amounts to €25 million in 2008 (€13 million in 2007). The average interest

rate applied in the financial year was approximately 4.5% (5.0% in 2007). Financial expenses related to provisions for employee benefits amount to €8 million at 31 December 2008 (€2 million at 31 December 2007).

The portion of foreign exchange gains and losses corresponding to interest income/expense reflected by the difference between the spot exchange rate and the forward exchange rate is recorded in financial result since 1 January 2008. It amounted to €-2 million at 31 December 2008 (€+4 million at 31 December 2007, classified in recurring operating income).



Note 6 INCOME TAXES

6.1 Income tax expense

The income tax expense is broken down as follows:

| <i>(In millions of euros)</i> | 2008 | 2007 |
|-------------------------------|-------------|--------------|
| Current income taxes | (55) | (85) |
| Deferred income taxes | (14) | (19) |
| TOTAL INCOME TAXES | (69) | (104) |

The income tax expense amounts to €69 million for 2008, compared with €104 million for 2007. In 2007, this expense includes the withholding tax on the exceptional dividend paid by an American company to its parent and the tax expense relating to the capital gain on sale of the Urea Formaldehyde Resins business.

6.2 Analysis by source of net deferred tax assets (liabilities)

The analysis by source of the net deferred tax assets (liabilities) is as follows, before offset of assets and liabilities at fiscal entity level:

| <i>(In millions of euros)</i> | 31.12.2007 | Changes recognized in the income statement | Changes recognized in shareholders' equity | Change in scope of consolidation | Translation adjustment | 31.12.2008 |
|---|--------------|--|--|----------------------------------|------------------------|--------------|
| Tax loss and tax credit carry forwards | 2 | - | (2) | 1 | - | 1 |
| Provisions for pensions and similar obligations | 77 | (5) | 20 | - | 2 | 94 |
| Other temporarily non-deductible provisions | 250 | (19) | - | (1) | 3 | 233 |
| Gross deferred tax assets | 329 | (24) | 18 | - | 5 | 328 |
| Valuation allowance on deferred tax assets | (157) | 33 | 4 | 1 | - | (119) |
| Excess tax over book depreciation | 155 | 4 | (10) | - | 3 | 152 |
| Other temporary tax deductions | 54 | 19 | 3 | 1 | 2 | 79 |
| Deferred tax liabilities | 209 | 23 | (7) | 1 | 5 | 231 |
| NET DEFERRED TAX ASSETS (LIABILITIES) | (37) | (14) | 29 | - | - | (22) |

After offset of assets and liabilities at fiscal entity level, deferred taxes are presented as follows in the balance sheet:

| <i>(In millions of euros)</i> | 31.12.2008 | 31.12.2007 |
|--|-------------|-------------|
| Deferred tax assets | 25 | 17 |
| Deferred tax liabilities | 47 | 54 |
| NET DEFERRED TAX ASSETS (LIABILITIES) | (22) | (37) |

As the Group is able to control the timing of the reversal of temporary differences related to investments in subsidiaries and joint ventures, it is not necessary to recognize deferred taxes in respect of these differences.

6.3 Reconciliation between income tax expense and pre-tax income

| (In millions of euros) | 31.12.2008 | 31.12.2007 |
|---|-------------|--------------|
| Net income | 101 | 124 |
| Income taxes | (69) | (104) |
| Pre-tax income | 170 | 228 |
| French corporate tax rate | 34.43% | 34.43% |
| Theoretical tax expense | (58) | (79) |
| Difference between French and foreign income tax rates | (3) | (4) |
| Tax effect of equity in income of affiliates | 3 | 2 |
| Permanent differences | 4 | 26 |
| Change in valuation allowance against deferred tax assets | 33 | 30 |
| Deferred tax assets not recognized (losses) | (48) | (79) |
| INCOME TAXES PER THE INCOME STATEMENT | (69) | (104) |

The French corporate tax rate includes the standard tax rate (33.33%) and additional taxes applicable in 2007 and 2008, which bring the overall income tax rate to 34.43%.

6.4 Expiry of tax loss carry forwards and tax credits

The Group has tax loss carry forwards and tax credits which can be used up to their year of expiry indicated in the table below:

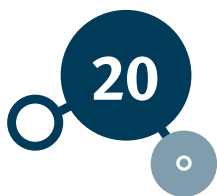
| (In millions of euros) | 31.12.2008 | | 31.12.2007 | |
|---|------------|------------|------------|------------|
| | Base | Tax amount | Base | Tax amount |
| 2007 | - | - | 3 | 1 |
| 2008 | - | - | 6 | 2 |
| 2009 | 2 | - | 1 | - |
| 2010 | 10 | 3 | 2 | - |
| 2011 | 3 | 1 | 4 | 1 |
| 2012 | 3 | 1 | 2 | - |
| 2013 and beyond | 48 | 14 | 18 | 8 |
| Tax losses that can be carried forward indefinitely | 669 | 229 | 544 | 187 |
| TOTAL | 735 | 248 | 580 | 199 |
| Carry back deductible | - | 1 | - | 1 |

NB: Tax loss carry forwards and tax credits have not given rise to recognition of deferred tax assets in the balance sheet.

Note 7 DISCONTINUED OPERATIONS

In 2007, discontinued operations included the Cerexagri business sold on 1 February 2007, with effect from 1 January 2007.

Cerexagri activities in 2007, presented under a single income statement caption "discontinued operations", corresponded to the capital gain realized.



FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL CONDITIONS AND RESULTS OF THE ISSUER

Notes to the consolidated financial statements

Note 8 EARNINGS PER SHARE

Earnings per share and diluted earnings per share are presented below:

| | 2008 | 2007 |
|--|------------|------------|
| Weighted average number of ordinary shares | 60,508,713 | 60,453,823 |
| Dilutive effect of stock options | 43,729 | 172,359 |
| Dilutive effect of free share grants | 8,539 | 118,425 |
| Weighted average number of potential ordinary shares | 60,560,981 | 60,744,607 |

| | 2008 | 2007 |
|---|------|------|
| Earnings per share (€) | 1.65 | 2.02 |
| Diluted earnings per share (€) | 1.65 | 2.01 |
| Adjusted net income per share (€) | 2.41 | 3.08 |
| Diluted adjusted net income per share (€) | 2.41 | 3.06 |
| Earnings per share of continuing operations (€) | 1.65 | 1.74 |
| Diluted earnings per share of continuing operations (€) | 1.65 | 1.73 |
| Earnings per share of discontinued operations (€) | - | 0.28 |
| Diluted earnings per share of discontinued operations (€) | - | 0.28 |

Note 9 IMPACT OF RECLASSIFICATIONS ON THE PUBLISHED 2007 FINANCIAL STATEMENTS

Reclassifications were made to the consolidated financial statements published at 31 December 2007 in order to ensure their comparability with the consolidated financial statements for 2008, in accordance with the provisions of IAS 8 relating to accounting policies, changes in accounting estimates and errors.

These reclassifications relate to asset and liability accounts, and in consequence affect the corresponding cash flow statement captions.

The impacts of these reclassifications and corrections are as follows:

In addition, corrections were made relating to the measurement of certain of the Group's long-term employee benefit obligations. In accordance with the provisions of IAS 8, these corrections were accounted for using the retrospective method (these corrections, moreover, having no impact on the 2007 consolidated income statement as published).

| (In millions of euros) | 31.12.07 published | Reclassifications and corrections | 31.12.07 after effects of reclassification and corrections |
|--|--------------------|-----------------------------------|--|
| Other non-current assets | 100 | 27 ⁽¹⁾⁽²⁾ | 127 |
| Income taxes recoverable | 31 | (17) ⁽¹⁾ | 14 |
| Paid-in surplus and retained earnings | 1,449 | (3) ⁽²⁾ | 1,446 |
| Provisions and other non-current liabilities | 833 | 13 ⁽²⁾ | 846 |

(1) The long-term portion of the research tax credit (RTC) has been reclassified from the "Income taxes recoverable" caption to the "Other non-current assets" caption.

(2) The "Provisions and other non-current liabilities" caption and the "Other non-current assets" are increased by means of double entries to the "Paid-in surplus and retained earnings" caption following the corrections made in respect of the measurement of certain of the Group's long-term employee benefit obligations.

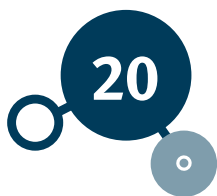
Note 10 INTANGIBLE ASSETS

| <i>(In millions of euros)</i> | Goodwill | Other intangible assets | Total |
|--|--------------|-------------------------------|--------------|
| Gross value | | | |
| <i>At 1 January 2008</i> | 647 | 558 | 1,205 |
| Acquisitions | - | 23 | 23 |
| Disposals | - | (2) | (2) |
| Changes in scope | 10 | - | 10 |
| Translation adjustments | 24 | 4 | 28 |
| Reclassifications | (8) | (20) | (28) |
| <i>At 31 December 2008</i> | 673 | 563 | 1,236 |
| Accumulated amortization and impairment | | | |
| <i>At 1 January 2008</i> | (395) | (350) | (745) |
| Amortization | - | (22) | (22) |
| Impairment | - | - | - |
| Disposals | - | 1 | 1 |
| Changes in scope | - | - | - |
| Translation adjustments | (20) | (2) | (22) |
| Reclassifications | 9 | 9 | 18 |
| <i>At 31 December 2008</i> | (406) | (364) | (770) |
| Net | | | |
| <i>At 1 January 2008</i> | 252 | 208 | 460 |
| <i>At 31 December 2008</i> | 267 | 199 | 466 |

In 2008, the group did not recognize any impairment on its intangible assets.

The increase in goodwill in 2008 corresponds to the effect of the acquisition of the assets of Arkema Gas Odorant LLC and of the acquisition of Oxford Performance Materials Inc for €10 million.

The reclassifications notably relate to a transfer from the “Intangible assets” caption to the “Property, plant & equipment” caption.



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| <i>(In millions of euros)</i> | Goodwill | Other intangible assets | Total |
|--|--------------|-------------------------|--------------|
| Gross value | | | |
| <i>At 1 January 2007</i> | 538 | 502 | 1,040 |
| Acquisitions | - | 10 | 10 |
| Disposals | - | (45) | (45) |
| Changes in scope | 157 | 73 | 230 |
| Translation adjustments | (48) | (8) | (56) |
| Reclassifications | - | 26 | 26 |
| Other | - | - | - |
| <i>At 31 December 2007</i> | 647 | 558 | 1,205 |
| Accumulated amortization and impairment | | | |
| <i>At 1 January 2007</i> | (434) | (370) | (804) |
| Amortization | - | (20) | (20) |
| Impairment | (1) | - | (1) |
| Disposals | 1 | 44 | 45 |
| Changes in scope | - | (3) | (3) |
| Translation adjustments | 41 | 6 | 47 |
| Reclassifications | (2) | (7) | (9) |
| <i>At 31 December 2007</i> | (395) | (350) | (745) |
| Net value | | | |
| <i>At 1 January 2007</i> | 104 | 132 | 236 |
| <i>At 31 December 2007</i> | 252 | 208 | 460 |

Reclassifications in 2007 notably include the effect of the change to the proportionate consolidation method. Changes in scope include the impact of the acquisition of Coatex.

Note 11 PROPERTY, PLANT & EQUIPMENT

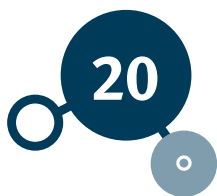
| <i>(In millions of euros)</i> | Land and buildings | Complex industrial facilities | Other property, plant and equipment | Construction in progress | Total |
|--|--------------------|-------------------------------|-------------------------------------|--------------------------|----------------|
| Gross value | | | | | |
| <i>At 1 January 2008</i> | 1,273 | 2,948 | 1,666 | 225 | 6,112 |
| Acquisitions | 12 | 52 | 19 | 225 | 308 |
| Disposals | (21) | (37) | (44) | - | (102) |
| Changes in scope | 12 | 15 | 2 | - | 29 |
| Translation adjustments | - | 58 | 6 | 4 | 68 |
| Reclassifications | 23 | (45) | 263 | (225) | 16 |
| <i>At 31 December 2008</i> | 1,299 | 2,991 | 1,912 | 229 | 6,431 |
| Accumulated depreciation and impairment | | | | | |
| <i>At 1 January 2008</i> | (889) | (2,371) | (1,326) | (1) | (4,587) |
| Depreciation and impairment | (37) | (107) | (99) | (2) | (245) |
| Disposals | 19 | 37 | 43 | - | 99 |
| Changes in scope | (5) | (12) | (2) | - | (19) |
| Translation adjustments | 1 | (40) | (4) | - | (43) |
| Reclassifications | (1) | 94 | (91) | - | 2 |
| <i>At 31 December 2008</i> | (912) | (2,399) | (1,479) | (3) | (4,793) |
| Net value | | | | | |
| <i>At 1 January 2008</i> | 384 | 577 | 340 | 224 | 1,525 |
| <i>At 31 December 2008</i> | 387 | 592 | 433 | 226 | 1,638 |

At 31 December 2008, other property, plant and equipment is mainly comprised of machinery and tools with a gross value of €1,387 million and accumulated depreciation and provisions for impairment of €1,113 million.

ARKEMA recorded accelerated depreciation of €19 million on its assets in the context of restructuring, disposals and damages. The

Group also recognized a provision for impairment of €2 million on property, plant and equipment.

At 31 December 2008, companies consolidated using the proportionate method contribute €62 million to net property, plant and equipment.



FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL CONDITIONS AND RESULTS OF THE ISSUER

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| <i>(In millions of euros)</i> | Land and buildings | Complex industrial facilities | Other property, plant and equipment | Construction in progress | Total |
|--|--------------------|-------------------------------|-------------------------------------|--------------------------|----------------|
| Gross value | | | | | |
| <i>At 1 January 2007</i> | 1,230 | 2,933 | 1,535 | 241 | 5,939 |
| Acquisitions | 13 | 67 | 19 | 215 | 314 |
| Disposals | (55) | (113) | (110) | - | (278) |
| Changes in scope | 65 | 13 | 92 | 5 | 175 |
| Translation adjustments | (21) | (106) | (8) | (4) | (139) |
| Reclassifications | 41 | 154 | 138 | (232) | 101 |
| <i>At 31 December 2007</i> | 1,273 | 2,948 | 1,666 | 225 | 6,112 |
| Accumulated depreciation and impairment | | | | | |
| <i>At 1 January 2007</i> | (884) | (2,303) | (1,369) | (7) | (4,563) |
| Depreciation and impairment | (41) | (116) | (83) | (1) | (241) |
| Disposals | 47 | 105 | 104 | 17 | 273 |
| Changes in scope | (20) | (4) | (71) | - | (95) |
| Translation adjustments | 10 | 78 | 5 | - | 93 |
| Reclassifications | (1) | (131) | 88 | (10) | (54) |
| <i>At 31 December 2007</i> | (889) | (2,371) | (1,326) | (1) | (4,587) |
| Net value | | | | | |
| <i>At 1 January 2007</i> | 346 | 630 | 166 | 234 | 1,376 |
| <i>At 31 December 2007</i> | 384 | 577 | 340 | 224 | 1,525 |

At 31 December 2007, other property, plant and equipment was mainly comprised of machinery and tools with a gross value of €1,231 million and accumulated depreciation and provisions for impairment of €1,003 million.

At 31 December 2007, the company reversed provisions for impairment of its property, plant and equipment in an amount of €17 million and also recognized new impairment provisions for €17 million.

In addition, in the context of its restructuring measures/disposals, ARKEMA recognized €19 million of accelerated depreciation of its assets in 2007.

Reclassifications notably include the effect of the change to the proportionate consolidation method and the changes in scope include the impact of the acquisition of Coatex.

At 31 December 2007, companies consolidated using the proportionate method contributed €59 million to net property, plant and equipment.

The figures above include the following amounts in respect of assets held under finance lease arrangements:

| <i>(In millions of euros)</i> | 31/12/2008 | | | 31/12/2007 | | |
|---|-------------|-----------------------------|-----|-------------|-----------------------------|-----|
| | Gross value | Depreciation and impairment | Net | Gross value | Depreciation and impairment | Net |
| Complex industrial facilities and buildings | 35 | 26 | 9 | 29 | 21 | 8 |

They mainly correspond to leases of transport barges, a hydrogen production unit located at Lacq and a production unit at Carling.

Note 12 EQUITY AFFILIATES

| (In millions of euros) | % ownership | | Equity value | | Equity in income (loss) | | Sales | |
|--------------------------------|-------------|------------|--------------|------------|-------------------------|------------|------------|------------|
| | 31.12.2008 | 31.12.2007 | 31.12.2008 | 31.12.2007 | 31.12.2008 | 31.12.2007 | 31.12.2008 | 31.12.2007 |
| Qatar Vinyl Company Ltd Q.S.C. | 13% | 13% | 38 | 28 | 7 | 4 | 38 | 35 |
| Vinilis | 35% | 35% | 10 | 10 | - | - | 21 | 23 |
| Arkema Yoshitomi Ltd | 49% | 49% | 5 | 4 | 1 | 1 | 7 | 7 |
| Investments | | | 53 | 42 | 8 | 5 | - | - |
| Loans | | | 0 | 0 | - | - | - | - |
| TOTAL | | | 53 | 42 | 8 | 5 | 66 | 65 |

Note 13 OTHER INVESTMENTS

Other investments include the Group's investments in various non-listed companies, notably companies that distribute ARKEMA products.

The main movements in 2007 and 2008 are as follows:

| (In millions of euros) | 2008 | 2007 |
|-------------------------|-----------|-----------|
| At 1 January | 24 | 21 |
| Acquisitions | 1 | 4 |
| Disposals | (2) | (1) |
| Valuation allowance | (1) | - |
| Changes in scope | - | - |
| Translation adjustments | - | - |
| Other movements | - | - |
| At 31 December | 22 | 24 |

Note 14 OTHER NON-CURRENT ASSETS

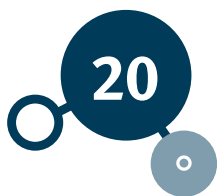
| (In millions of euros) | 31.12.2008 | | | 31.12.2007 | | |
|------------------------|-------------|--------------------------|------------|--------------|--------------------------|--------------|
| | Gross value | Provision for impairment | Net | Gross value | Provision for impairment | Net |
| Loans and advances | 132 | (7) | 125 | 125 | (8) | 117 |
| Security deposits paid | 12 | - | 12 | 10 | - | 10 |
| TOTAL | 144 | (7) | 137 | 135 * | (8) | 127 * |

* The amounts shown at 31 December 2007 include the effects of the reclassifications described in note C9.

Loans and advances include amounts receivable from the French tax authorities in respect of the research tax credit. As an exceptional measure, the amended French Finance Act for 2008 provides for repayment of research tax credits in 2009. These amounts have however been maintained in other non-current assets.

Loans and advances include €24 million of deposits with the European Commission in the context of the antitrust proceedings (see note

C19.6 Provisions and other non-current liabilities/other provisions), €40 million of receivables on Total related to the remediation costs in respect of closed industrial sites in the United States (see note C19.4 Provisions and other non-current liabilities/Provisions for environmental contingencies) and an amount of €3 million in respect of pension assets (see note C19.3 Provisions and other non-current liabilities/Provisions for pensions and similar benefits).



Note 15 INVENTORIES

| <i>(In millions of euros)</i> | 31.12.2008 | 31.12.2007 |
|------------------------------------|-------------------|-------------------|
| Inventories (cost) | 1,126 | 1,094 |
| Opening valuation allowance | (77) | (74) |
| Net (allowance) reversal | (23) | (2) |
| Change in scope | - | - |
| Translation adjustments | - | 1 |
| Reclassifications | - | (2) |
| Closing valuation allowance | (100) | (77) |
| INVENTORIES (NET) | 1,026 | 1,017 |
| <i>Of which:</i> | | |
| <i>Raw materials and supplies</i> | 326 | 297 |
| <i>Finished products</i> | 700 | 720 |

The increase in the valuation allowance against inventories is mainly due to decreases in sale prices in certain markets at the start of 2009.

Note 16 ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND PREPAID EXPENSES

At 31 December 2008, accounts receivable are stated net of a bad debt provision of €35 million (€30 million at 31 December 2007).

Other receivables and prepaid expenses notably include receivables from governments in an amount of €87 million (€79 million at 31 December 2007).

Note 17 CASH AND CASH EQUIVALENTS

| <i>(In millions of euros)</i> | 31.12.2008 | 31.12.2007 |
|----------------------------------|-------------------|-------------------|
| Short-term cash advances | 9 | 8 |
| Monetary mutual funds | - | - |
| Available cash | 58 | 50 |
| CASH AND CASH EQUIVALENTS | 67 | 58 |

Note 18 SHAREHOLDERS' EQUITY

At 1 January 2007, the share capital amounted to €604.5 million and was composed of 60,453,823 shares with a nominal value of 10 euros.

On 30 April 2008, the Group carried out a capital increase reserved to Group employees: 618,462 shares were subscribed at a price of €30.42 per share, with the price being set by the Board of Directors in its meeting of 4 March 2008 (being €17.9 million net of issue costs).

During the 2nd half of 2008, the company firstly carried out a capital increase of €1.4 million (being 141,105 shares) by incorporating reserves into share capital following the free share grant and, secondly, carried out a capital decrease of €7.6 million (being 759,567 shares) by cancelling a portion of the treasury shares purchased in the context of the share buyback program.

The Group continues to hold 39,707 treasury shares accounted for as a deduction from shareholders' equity.

Following the completion of these transactions, Arkema S.A.'s share capital amounts to €604.5 million and is composed of 60,454,973 shares.

The shareholders general meeting of 20 May 2008 adopted a resolution proposing to distribute a dividend of €0.75 per share, being a total amount of €46 million, in respect of the 2007 financial year.

The Board of Directors decided, after approving the 2008 financial statements, to propose a resolution to the shareholders general meeting of 15 June 2009 under which a dividend representing 0.6 euros per share would be distributed in respect of the 2008 financial year.

Note 19 PROVISIONS AND OTHER NON-CURRENT LIABILITIES

19.1 Other non-current liabilities

Other non-current liabilities amount to €34 million at 31 December 2008 as against €29 million at 31 December 2007.

19.2 Provisions

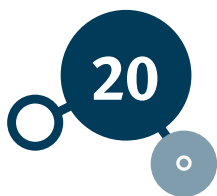
| (In millions of euros) | Pensions and other employee benefit obligations | Litigation and claims | Environmental contingencies | Restructuring | Other | Total |
|---|---|-----------------------|-----------------------------|---------------|------------|------------|
| 31 December 2007* | 274 | 54 | 207 | 113 | 169 | 817 |
| Reclassifications within provisions ⁽¹⁾⁽²⁾ | 45 | (54) | - | - | 9 | 0 |
| At 1 January 2008 after reclassifications | 319 | - | 207 | 113 | 178 | 817 |
| Increases in provisions | 26 | - | 6 | 66 | 12 | 110 |
| Reversals in provisions on use | (29) | - | (15) | (52) | (17) | (113) |
| Reversals of unused provisions | (28) | - | (8) | (7) | (27) | (70) |
| Changes in scope | - | - | - | - | (3) | (3) |
| Translation adjustments | 4 | - | 4 | - | 2 | 10 |
| Other ⁽³⁾ | 49 | - | 12 | (11) | - | 50 |
| Discontinued operations | - | - | - | - | - | - |
| At 31 December 2008 | 341 | - | 206 | 109 | 145 | 801 |
| <i>Of which less than one year</i> | | - | 23 | 64 | 19 | |
| <i>Of which more than one year</i> | | - | 183 | 45 | 126 | |

* The amounts at 31 December 2007 include the effects of the reclassifications described in note C9.

(1) Provisions for long-service awards have been reclassified from the "Other" column to the "Pensions and other employee benefit obligations" column.

(2) Provisions for litigation and claims have been reclassified to the "Other" column.

(3) The "Other" line includes actuarial gains and losses for the year and reclassifications from the restructuring provisions caption to the provisions for environmental contingencies caption.



FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL CONDITIONS AND RESULTS OF THE ISSUER

Notes to the consolidated financial statements

In addition, certain provisions are covered by non-current assets (receivables, deposits or pension assets):

| <i>(In millions of euros)</i> | Pensions and other employee benefit obligations | Environmental contingencies | Restructuring | Other | Total |
|---|---|-----------------------------|---------------|------------|------------|
| Total provisions at 31 December 2008 | 341 | 206 | 109 | 145 | 801 |
| Portion of provisions covered by receivables or deposits | - | 40 | | 30 | 70 |
| Deferred tax asset related to amounts covered | | 23 | | 4 | 27 |
| Pension assets | 3 | - | | - | 3 |
| Provisions at 31 December 2008 net of non-current assets | 338 | 143 | 109 | 111 | 701 |

| <i>(In millions of euros)</i> | Pensions and other employee benefit obligations | Litigation and claims | Environmental contingencies | Restructuring | Other | Total |
|------------------------------------|---|-----------------------|-----------------------------|---------------|------------|------------|
| At 1 January 2007* | 309 | 52 | 213 | 127 | 169 | 870 |
| Increases in provisions | 27 | 11 | 20 | 57 | 35 | 150 |
| Reversals in provisions on use | (38) | (2) | (16) | (64) | (24) | (144) |
| Reversals of unused provisions | - | (5) | (1) | (6) | (13) | (25) |
| Changes in scope | 1 | - | - | - | 1 | 2 |
| Translation adjustments | (2) | (2) | (9) | (1) | (3) | (17) |
| Other | (23) | - | - | - | 4 | (19) |
| Discontinued operations | - | - | - | - | - | - |
| At 31 December 2007 | 274 | 54 | 207 | 113 | 169 | 817 |
| <i>Of which less than one year</i> | | 5 | 31 | 63 | 24 | |
| <i>Of which more than one year</i> | | 49 | 176 | 50 | 145 | |

* The amounts at 1 January 2007 and 31 December 2007 include the effects of the reclassifications described in note C9.

19.3 Provisions for pensions and similar benefits

At 31 December 2008, provisions for pensions and similar benefits are comprised of pension benefit obligations for €236 million (€169 million at 31 December 2007), healthcare plans for €57 million (€88 million at 31 December 2007), long service awards for €43 million (€45 million at 31 December 2007) and Group pre-retirement plans for €5 million (€17 million at 31 December 2007).

Furthermore, net pension assets of certain plans amount to €3 million at 31 December 2008 (€15 million in 2007) (see note C14 Other non-current assets).

A pension asset can be generated where a defined benefit plan is overfunded. The amount at which such an asset is recognized in the balance sheet may be subject to a ceiling, in application of paragraph 58 of IAS 19 and of IFRIC 14. IFRIC 14 provides criteria for the assessment of the amount of the asset, which must be justified by either reimbursements or by reductions in future plan contributions, that can be recognized as a plan surplus in accordance with IAS 19. Application of IFRIC 14 did not cause the Group to put a ceiling on the amount of its pension assets at 31 December 2008.

In accordance with the laws and practices of each country, ARKEMA participates in employee benefit plans offering retirement, death and disability, healthcare and special termination benefits. These plans provide benefits based on various factors such as length of service, salaries, and contributions made to the national bodies responsible for the payment of benefits.

These plans are either defined contribution plans or defined benefit plans. In certain cases they can be either partly or totally funded by investments in dedicated plan assets, mutual funds, general funds of insurance companies or other assets

The Group's benefit obligations are mainly located in France, the United States, the Netherlands and Germany. The principal benefit

obligations in respect of which funding has been put in place are pension benefits in France, the United States and the Netherlands. In France, supplementary pension plans closed up to 1973 at the latest, concerning an active working population, were subject to a transfer of pension rights to an insurance company.

As from 1 January 2008, the Group includes long-service award obligations under the "Other obligations" caption and accordingly provides all the disclosures required under IAS 19 for 2007 and 2008. The comparative figures at 31 December 2007 have been restated accordingly. The amounts relating to Group pre-retirement plans are not included in the schedules presented in paragraphs 19.3.1, 19.3.2 and 19.3.3. below.

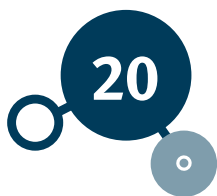
19.3.1 Effect on the income statement

| Expense in the income statement <i>(In millions of euros)</i> | Pension obligations | | Other obligations | |
|--|---------------------|-----------|-------------------|----------|
| | 2008 | 2007 | 2008 | 2007 |
| Service cost | 13 | 20 | 3 | 4 |
| Interest cost | 25 | 23 | 6 | 6 |
| Expected return on plan assets | (22) | (23) | - | - |
| Actuarial gains and losses recognized | - | - | (1) | (9) |
| Past service cost recognized | 4 | 1 | (15) | - |
| Curtailments and settlements | (1) | (5) | (5) | (1) |
| Other | - | - | - | - |
| (INCOME)/EXPENSE: TOTAL | 19 | 16 | (12) | 0 |

The actual return on plan assets amounted to €-57 million in 2008 (€-18 million in 2007).

19.3.2 Change in net provisions over the period

| <i>(In millions of euros)</i> | Pension obligations | | Other obligations | |
|---|---------------------|------------|-------------------|------------|
| | 2008 | 2007 | 2008 | 2007 |
| Net liability/(asset) at beginning of year | 154 | 173 | 133 | 148 |
| Expense for the year | 19 | 16 | (12) | - |
| Contributions made to plan assets | (1) | (10) | - | - |
| Net benefits paid by the employer | (15) | (16) | (9) | (7) |
| Other | 3 | 1 | 1 | - |
| Actuarial gains and losses recognized in shareholders' equity | 73 | (10) | (13) | (8) |
| Net liability/(asset) at end of year | 233 | 154 | 100 | 133 |



19.3.3 Valuation of benefit obligations and provisions at 31 December

a) Present value of benefit obligations

| <i>(In millions of euros)</i> | Pension obligations | | Other obligations | |
|--|---------------------|------------|-------------------|------------|
| | 2008 | 2007 | 2008 | 2007 |
| Present value of benefit obligations at beginning of year | 518 | 558 | 130 | 144 |
| Service cost | 13 | 20 | 3 | 4 |
| Interest cost | 25 | 23 | 6 | 6 |
| Curtailements | (1) | (4) | (5) | (1) |
| Settlements | (20) | (11) | - | - |
| Specific benefits | - | - | - | - |
| Plan participant's contributions | 1 | 1 | - | - |
| Benefits paid | (30) | (33) | (9) | (7) |
| Past service cost | 4 | 1 | (23) | - |
| Actuarial loss (gain) | (6) | (15) | (14) | (17) |
| Changes in scope | - | 1 | - | 1 |
| Translation adjustment and other | 8 | (23) | - | - |
| Present value of benefit obligations at end of year | 512 | 518 | 88 | 130 |

b) Change in fair value of plan assets

Plan assets are mainly located in the United States, France and the Netherlands. They are mainly comprised of mutual funds, general funds of insurance companies and shares.

| <i>(In millions of euros)</i> | Pension obligations | |
|---|---------------------|--------------|
| | 2008 | 2007 |
| Fair value of plan assets at beginning of year | (363) | (384) |
| Expected return on plan assets | (22) | (23) |
| Curtailements | - | - |
| Settlements | 20 | 10 |
| Plan participants contributions | (1) | (1) |
| Employer contributions | (1) | (10) |
| Benefits paid from plan assets | 15 | 17 |
| Actuarial (gains) and losses | 79 | 5 |
| Changes in scope | - | - |
| Translation adjustment and other | (5) | 23 |
| Fair value of plan assets at end of year | (278) | (363) |

Experience adjustments generated by the difference between the actual return on plan assets at 31 December 2008 and the expected return on plan assets amount to €79 million. The actuarial losses mainly arise from the decrease in the value of financial assets in the United States.

Contributions payable by the Group in 2009 in respect of funded plans are estimated at €2 million

c) *Provisions in the balance sheet*

| <i>(In millions of euros)</i> | Pension obligations | | Other obligations | |
|---|---------------------|------------|-------------------|------------|
| | 2008 | 2007 | 2008 | 2007 |
| Actuarial value of unfunded obligations | 148 | 150 | 88 | 130 |
| Actuarial value of funded obligations | 364 | 368 | - | - |
| Fair value of plan assets | (278) | (363) | - | - |
| (Surplus)/Deficit of assets versus benefit obligations | 234 | 155 | 88 | 130 |
| Unrecognized actuarial gains (losses) | - | - | - | - |
| Unrecognized past service cost | (1) | (1) | 12 | 3 |
| Asset ceiling | - | - | - | - |
| Net balance sheet provision | 233 | 154 | 100 | 133 |
| Provision recognized in liabilities | 236 | 169 | 100 | 133 |
| Amount recognized in assets | (3) | (15) | - | - |

| <i>(In millions of euros)</i> | Pension obligations | | Other obligations | |
|---|---------------------|------|-------------------|------|
| | 2008 | 2007 | 2008 | 2007 |
| Experience adjustments | (1) | 17 | (10) | (1) |
| Effects of changes in actuarial assumptions | (5) | (32) | (4) | (16) |

d) *Pre-tax amount recognized through equity (SORIE) during the valuation period*

| <i>(In millions of euros)</i> | Pension obligations | | Other obligations | |
|--|---------------------|-------------|-------------------|-------------|
| | 2008 | 2007 | 2008 | 2007 |
| Actuarial (gains) and losses generated in the period (A) | 73 | (10) | (13) | (8) |
| Effect of the surplus cap and of the asset ceiling (B) | - | - | - | - |
| Total amount recognized in SORIE (A+B) | 73 | (10) | (13) | (8) |
| Cumulative actuarial (gains) and losses recognized in SORIE | 41 | (32) | (26) | (13) |

e) *Composition of the investment portfolio*

| Composition of the investment portfolio | Pension obligations | | | |
|---|---------------------|-----|---------------------|-----|
| | At 31 December 2008 | | At 31 December 2007 | |
| | Europe | USA | Europe | USA |
| Shares | 18% | 57% | 24% | 57% |
| Bonds | 80% | 23% | 72% | 23% |
| Monetary funds | - | - | - | - |
| Property | 1% | 11% | 1% | 11% |
| Other | 1% | 9% | 3% | 9% |

The expected rate of return on plan assets was determined for each plan on the basis of the expected individual long-term return on each category of assets comprising the portfolio funding the plan and of the actual allocation at the valuation date.

f) Actuarial assumptions

MAIN ASSUMPTIONS FOR PENSION BENEFIT COMMITMENTS AND HEALTHCARE PLAN COMMITMENTS

| Main assumptions in % | Europe 2008 | USA 2008 | Europe 2007 | USA 2007 |
|--------------------------------------|----------------|-------------|----------------|-------------|
| Discount rate | 5.40 – 6.35 | 6.20 | 5.10 – 5.75 | 6.00 |
| Expected return on plan assets | 3.39 – 7.00 | 7.49 | 3.39 – 6.76 | 7.43 |
| Rate of increase in salaries | 1.80 – 5.00 | 4.00 | 2.00 – 4.40 | 4.00 |
| Rate of increase of healthcare costs | * | * | 4.00 | * |

* The rate of increase of healthcare costs has no impact in the United States as a ceiling has been applied since mid-2006. In a similar way, since 2008, this rate has been limited to the rate of inflation in Europe during the period over which rights vest.

MAIN ASSUMPTIONS FOR LONG-SERVICE AWARDS

| Main long-service awards assumptions in % | Europe 2008 | Europe 2007 |
|---|----------------|----------------|
| Discount rate | 5.00 – 5.50 | 4.80 – 5.50 |
| Rate of increase in salaries | 1.80 – 5.25 | 1.80 – 4.00 |

A change of plus or minus 0.25% in the discount rate has the following effects on the present value of benefit obligations at December 31:

| Pension obligations and other obligations (In millions of euros) | Europe 2008 | USA 2008 |
|---|----------------|-------------|
| Increase of 0.25% | (8) | (6) |
| Decrease of 0.25% | 9 | 6 |

19.4 Provisions for environmental contingencies

Provisions for environmental contingencies are recognized to cover expenses related to soil and water table clean-up, mainly:

- in France for €101 million (€100 million at 31 December 2007);
- in the United States for €82 million (€81 million at 31 December 2007), of which €63 million in respect of former industrial sites covered 100% by the Total Group indemnity (receivable recognized in “other non-current assets” for an amount of €40 million and €23 million recognized in deferred tax assets).

19.5 Restructuring provisions

Restructuring provisions are mainly in respect of restructuring measures in France for €83 million (€96 million at 31 December 2007), in Europe outside France for €9 million (€10 million at 31 December 2007) and in the United States for €3 million (€4 million at 31 December 2007).

Increases in such provisions in the year correspond to the restructuring plans described in note C4 Other income and expenses.

19.6 Other provisions

Other provisions are mainly comprised of provisions for removal of asbestos for €12 million (€16 million at 31 December 2007) and provisions for litigation recognized in relation to proceedings being carried out in Europe in the area of antitrust legislation (provision in liabilities for €31 million less €24 million recognized in other non-current assets).

Note 20 CONTINGENT LIABILITIES

20.1 Environment

ARKEMA's business activities are subject to constantly changing local, national and international regulations on the environment and safety, which entail meeting increasingly complex and restrictive requirements. In this regard, these activities can involve a risk of ARKEMA's liability being called upon, particularly in respect of clean-up of sites and industrial safety

Taking account of the information available, agreements signed with Total, and the provisions for environmental contingencies recognized, ARKEMA's management considers that the environmental liabilities identified at this point are valued and recognized to the best of their knowledge in the financial statements. However if laws, regulations or government policy in respect of environmental matters were to change, ARKEMA's obligations could change, which could lead to additional costs.

Clean-up of sites

The competent authorities have made, are making or may in the future make specific demands that the Group rehabilitate or control emissions at certain sites that it is currently operating, or that it operated or disposed of in the past, at neighboring sites or at sites where the Group stored or disposed of waste.

Sites currently in operation

ARKEMA has many sites of which a certain number are probably polluted in view of their age and the range of activities that are carried out on them, or that were carried out on them in the past. As regards these sites, certain situations have been identified and ARKEMA has already carried out certain clean-up work, or otherwise developed action plans and recognized provisions in order to cover future clean-up work.

However, in the light of (i) the uncertainties over the technical means to be implemented, (ii) potential issues that are unknown (iii) uncertainties over the actual time required for remediation compared with the estimated time (e.g. "pump and treat"), and (iv) potential changes in regulations, the possibility that the expenses that the Group will incur will be higher than the amounts covered by provisions cannot be excluded. These potential excess costs relate mainly to the sites in Calvert City (United States), Carling (France), Günzburg (Germany), Jarrie (France), Pierre-Bénite (France), Riverview (United States), Rotterdam (the Netherlands) and Saint-Auban (France) and could adversely affect the Group's business, results and financial condition. As regards the site of Saint-Auban, different legal proceedings brought against Arkema France have been grouped together (merging of proceedings - "jonction de procédures") with the Nanterre correctional court. These proceedings are currently under preliminary investigation.

Closed industrial sites (Former industrial sites)

Total has directly or indirectly taken over the closed industrial sites.

20.2 Litigation, claims and proceedings in progress

20.2.1 Antitrust litigation

The Group is involved in a number of proceedings in the United States, Canada and Europe alleging violations of antitrust laws relating to cartel behavior.

To cover the risks associated with the proceedings in the United States and Europe, which arose prior to completion of the Spin-Off of Arkema's Businesses, Total S.A. and one of its subsidiaries have granted indemnities for the benefit of Arkema S.A. and Arkema Amériques SAS (previously Arkema Finance France), the main terms of which are described in note C28 Off-balance sheet commitments.

The financial risk associated with all of the proceedings described below is not easily quantifiable.

Based on its analysis of the cases, and taking into account the indemnities granted by Total S.A. and described in note C28 Off-balance sheet commitments, the Group has recorded provisions in respect of these proceedings of €31 million (at 31 December 2008), of which €24.2 million has been lodged as a deposit with the European Commission. All of these proceedings have been appealed by Arkema France to the Court of First Instance of the European Communities.

Proceedings carried out by the European Commission

Arkema France currently remains a party to several proceedings being carried out by the European Commission alleging violations of the rules of EU competition law restricting anticompetitive agreements.

These cases are at different stages.

Following decisions in 2005 and 2006, the European Commission imposed the following fines on Arkema France (these fines were jointly and severally imposed, for part of their amounts, on Total S.A. and Elf Aquitaine):

- "Monochloroacetic acid" proceeding: €58.5 million;
- "Hydrogen peroxide" proceeding: €78.7 million; and
- "Methacrylates" proceeding: €219.1 million;
- In 2008, the European Commission ordered Arkema France and its former parent company Elf Aquitaine to pay fines for anticompetitive practices of a total amount of €59 million in the context of the "sodium chlorate" case.

These decisions have been appealed to the Court of First Instance of the European Communities. The corresponding proceedings are still in progress.

As regards "Heat stabilizers", the investigation of which commenced in February 2003, the European Commission is continuing its investigation and it is likely that procedural developments will arise on this case in 2009.

Regarding the “Impact modifiers”, “Solvents” and “Plasticizers and alcohols” cases, the investigations of which commenced in February and March 2003, the European Commission made known in 2007 its decision not to pursue these investigations.

Based on an empirical analysis of similar decisions adopted by the European Commission, the Group believes that the combined amount of fines that may be assessed against it is very high. The Group believes that the provisions it has made against such eventualities are sufficient, but it cannot rule out the possibility that total fines might exceed the level of provision made.

In addition to the proceedings carried out by the European Commission, it cannot be ruled out that civil suits for damages are filed by third parties claiming to be victims of the violations in relation to which fines have been imposed by the European Commission.

Basell Polyolefine issued a legal claim for alleged damages of €0.6 million in Germany at the end of 2006. This matter was settled by an agreement between Arkema France and Basell at the end of 2008.

Proceedings in the United States and Canada

In the United States, Arkema Inc. has received subpoenas from the United States Department of Justice (the DOJ) in connection with the DOJ’s investigation into alleged violations of United States antitrust laws in the hydrogen peroxide sector. In Canada, preliminary contacts with the Canadian competition authorities, which took place in the area of monochloroacetic acid (MCAA) in 2001, do not appear to have resulted in any further official investigations.

Arkema France and/or Arkema Inc. have also been named in civil suits claiming alleged violations of United States antitrust laws in the following sectors: plastic additives, hydrogen peroxide, methyl methacrylate (MMA) and polymethyl methacrylate (PMMA). Only civil suits relating to hydrogen peroxide are still underway in Canada after dismissal of actions relating to MMA and PMMA.

a) DOJ investigations

- Arkema Inc. has responded to the DOJ subpoenas relating to the hydrogen peroxide sector by producing documents responsive to the subpoena. In December 2008, the DOJ officially closed the criminal investigation in the hydrogen peroxide sector.
- Furthermore, the criminal investigations initiated by both the U.S. and Canadian competition authorities in the plastic additives sector were closed by these authorities during 2006; and the criminal investigation initiated by the DOJ in the PMMA sector was closed on November 2007.

b) Civil actions

Direct purchasers of products allegedly marketed by Arkema France and/or Arkema Inc. have commenced putative class actions against Arkema France and/or Arkema Inc. seeking damages for alleged violations of US competition law in the plastic additives, hydrogen peroxide, MMA and PMMA sectors. These putative class actions are pending in federal court in the United States. Trial courts have certified classes of direct purchasers in the hydrogen peroxide matter and in the plastics additives matter. Upon appeal of the propriety of the class certifications in each of those matters, the Court of Appeals vacated the district court’s class certification order in these two cases.

A direct purchaser of plastics additives and several direct purchasers of hydrogen peroxide have also brought individual actions against Arkema Inc. and Arkema France, alleging violation of federal US antitrust laws. The plastics additives direct purchaser case has been settled by Arkema Inc. and Arkema France.

The direct purchaser cases involving hydrogen peroxide were filed in federal court in the United States. One direct purchaser action regarding hydrogen peroxide has been voluntarily dismissed, another direct purchaser plaintiff has requested permission from the court to rejoin the class case, and one direct purchaser action regarding hydrogen peroxide was filed in November 2008.

Indirect purchasers of hydrogen peroxide, and of plastics additives, respectively, have brought putative class actions against Arkema Inc. alleging violation of state competition laws. Indirect purchasers of MMA and PMMA have filed putative class actions against both Arkema Inc. and Arkema France, also alleging violations of state competition laws. These cases are also pending in federal court in the United States. The putative class action by indirect purchasers of plastics additives remains stayed pending the consequences of appeal’s court decision to vacate the trial court’s class certification decision in the plastics additives direct purchasers class action. The putative class action by indirect purchasers of hydrogen peroxide remains stayed pending the consequences of appeal’s court decision to vacate the trial court’s class certification decision in the hydrogen peroxide direct purchaser class action case.

As at the date of these financial statements, no class of indirect purchasers has been certified in the hydrogen peroxide, plastics additives or the MMA/PMMA matters.

In Canada, a number of civil actions alleging violations of Canadian competition laws concerning hydrogen peroxide products were filed in Quebec, Ontario and British Columbia in 2005 and 2006. As at the date of these financial statements, no class has been certified

by the courts. A number of civil actions concerning MMA and PMMA were filed in Quebec and in Ontario in 2006; two Ontario actions have been voluntarily discontinued in 2008. Plaintiff's counsel in the Quebec action is in the process of seeking voluntary dismissal in the remaining action.

20.2.2 Occupational illness

In the manufacture of its products, the Group uses and has used toxic or hazardous substances. Despite the safety and monitoring procedures that have been instituted at Group level and for each production site, Group employees may have been exposed to such substances and may develop specific pathologies as a result of such exposure.

In this respect, like most industrial companies, in the past, the Group has used a variety of insulating or heat-proofing materials containing asbestos in its production facilities. Consequently, certain employees may have been exposed to such materials before they were gradually eliminated and replaced with substitute products.

At its French sites, the Group anticipated the regulatory provisions applicable to asbestos (Decrees No. 96-97 and 96-98 of February 7, 1996 and Decree No. 96-1133 of December 24, 1996). The Group made an inventory of asbestos-containing building materials within its premises, notified employees of the results of these investigations and took the collective and individual protective measures required by the applicable laws. However, claims for occupational illness related to past asbestos exposure have been filed against the Group, mostly for periods before 1980. Given the latency period of asbestos-related pathologies, a large number of claims for occupational illness are likely to be filed in the years ahead.

The Group has recognized provisions to cover the risks of employer liability claims related to notified cases of occupational illness.

20.2.3 Other litigation and claims and contingent liabilities

Arkema France

In 1995, the company Gasco brought a claim for damages against Elf Atochem (the former name of Arkema France) before the court in Ghent (Belgium) in respect of an alleged breach of contract and breach of an exclusivity agreement. At first instance, Gasco obtained a judgment against Atofina for payment of €248,000 by way of damages for breach of contract (payment of that sum has been made) but its claim for breach of the exclusivity agreement was dismissed. Appeal proceedings are pending before the Ghent Court of Appeal. Gasco is asking for the judgment to be reversed insofar as it dismissed the claim for breach of the exclusivity agreement. Under this head it has put forward a claim for €24 million which the Group considers to be without foundation and which it is challenging both in principle and in its amount. Having regard to the weak basis of the allegations made against it and the defenses available to the Group, the Group's view as the matter currently stands, is that the amount of the provision made for this matter in the accounts is sufficient. No significant developments arose on this case in 2008.

Arkema France supplies various products for the coating of items used in a number of European countries in the manufacture of sanitary treatment facilities. These products are subject to inspection on the part of approved laboratories which must certify their conformity with the applicable sanitary regulations. Arkema France has an interpretation of the regulations applicable in France that diverges from that of a French laboratory and the public authorities as regards regulatory clearance in France of a product, even though this product is approved in other European Union countries. The Group takes the view that this problem is essentially administrative in nature. However, the possibility that users might seek to attach liability to Arkema France as the supplier cannot be excluded. In the event that such claims were successful, the costs of replacement of the products and the damages that could be claimed could prove to be extremely high.

Under the terms of a services agreement, Arkema France has the effluent produced by its industrial operations at Lacq and Mourenx treated by Total E&P France, which has specific authorization to inject this effluent, together with effluent it produces itself, into a cavity called Crétacé 4000. The French customs authorities have issued a tax demand of €6.7 million to Total, covering the years 2003 to 2006, for non-payment of the French general tax on polluting activities (*taxe générale sur les activités polluantes*, or TGAP) which, according to the authorities, should be applied to these injections of effluent. Following the authorities' rejection of Total's appeal at the end of 2008, Total initiated a case in the court of first instance against them, seeking the cancellation of the tax demand. Total's main argument is that the injections are not carried out in a context subject to Classified Facilities regulations and are thus not subject to the TGAP. It is however not possible to fully exclude the possibility that, at the end of the proceeding, Total may be required to pay all or part of the TGAP assessed, of which ARKEMA could be liable for a portion.

In 2005, 260 employees and former employees of the Pierre-Bénite site made a claim for damages with the Lyon employee claims court (*Conseils de prud'hommes*) for alleged non-compliance with the terms of the chemicals industry branch agreement. The provisions of this agreement provide workers, technicians and supervisors working at continuously or semi-continuously operating positions for a period in excess of six hours with a thirty minute break during which the employees are released from all work. The claimants consider that, given the manner in which work is organized and structured on this site, the break granted to them does not allow them to be released from all work and to be able to freely go about their personal affairs. They claim that they have suffered a prejudice justifying damages. The claim amounts to €5.2 million. Arkema France contests these claims. A judge has been appointed to reach a decision following the inconclusive decision issued by the Lyon employee claims court on January 19, 2007. A court session was held on 27 March 2008. A judgment issued on 24 June 2008 fully rejected all of the employees' claims. The employees appealed this decision. A provision has been recognized in the financial statements for an amount that the Group considers adequate.

CECA

In 1999, the company Intradis commissioned the company Antéa to carry out a survey on a site situated in France which had been used for industrial purposes and in particular by CECA (manufacture of sulphuric acid) and the company Hydro Agri (a fertilizer factory which does not belong to the Group). The survey noted pollution of the soil and water on the site, as well as the existence of pyrites in the open air, and classified the site as in category 1 (a site requiring in-depth investigations and a detailed risk assessment). Following this survey, the *Préfet* (governmental representative) issued an order requiring Intradis, as the owner, to take measures to protect the site and to prohibit access to it. The company Intradis then made an application to have an expert urgently appointed in order to determine the nature and extent of the pollution affecting the site and to establish the liability of CECA and Hydro Agri, the owners and operators of the site before its acquisition by the company Intradis. After receipt of the expert's report, Intradis applied to the Administrative Court to have the prefectural order requiring it to take measures to protect the site overturned. Intradis' application was rejected on 6 July 2006 in first instance by the Administrative Court of Amiens, however it appealed this decision to the Administrative appeal court of Douai. In a judgment dated 18 October 2007, the Court overturned the previous judgment, cancelled the prefectural order and decided that there was no need to rule on Intradis' conclusions against CECA.

In the absence of a quantified claim, no provision has been made for this dispute in the accounts of the Group. No significant developments arose on this case in 2008. The judgment of the Administrative appeal court of Douai definitively closes the proceedings initiated by Intradis in the administrative court system. As of today, it is not possible to evaluate whether any other forms of appeal, notably through civil proceedings, may be initiated.

The past environmental engineering activities of CECA have given rise to various claims by third parties. These claims have been transmitted to the Group's insurers. The Group has recognized provisions that it considers adequate. The possibility cannot be excluded that this activity, which has now ceased, may give rise to further claims in the future.

Arkema Inc.

Norit Americas, Inc. (Norit) acquired an activated carbon production unit from Arkema Inc., located in Pryor (Oklahoma, United States). Initially, Norit made a claim against Arkema Inc. for an indemnity, alleging breach by Arkema Inc. of the provisions of the Clean Air Act on that site. Norit was served with a violation notice by the Oklahoma Department of Environmental Quality, relating to emissions of particles of sulphur dioxide, particulate matter and nitrogen oxide. Norit has now settled that matter with the ODEQ. Norit has sought indemnification from Arkema Inc. for injunctive relief required, and for fines which ODEQ imposed in these proceedings. The parties have entered into a standstill agreement which has been extended until end of March 2009, at the expiration of which they should continue to proceed with their respective claims. Arkema Inc.'s claim is for the payment of the balance of the price of the production unit yet to be paid by Norit, and Norit's claims are for indemnities in respect of environmental matters. Provisions have been made in the Group's

accounts for this litigation, in amounts which the Group considers to be sufficient.

In the United States, the Group is currently involved in a substantial number of proceedings in various courts. These proceedings concern claims by third parties relating to (i) alleged exposure to asbestos on the Group's sites, or (ii) exposure to products containing asbestos and sold by former subsidiaries of the Group in the United States and elsewhere. When they are not covered by insurance policies, provisions have been made for these proceedings in an amount which the Group considers sufficient. However, due to the continuing uncertainties as to the outcome of these proceedings, the Group is not, as at the date of these financial statements, in a position having regard to the information available to it, to estimate the total amount of the claims that might finally be upheld against it by the various competent courts after the exhaustion of any avenues of appeal.

The American tax authorities had been conducting both a civil and a criminal audit of certain affiliates of Total S.A., including Arkema Inc., with respect to the non-issuance of W-2S to certain "inpatriated" foreign employees and the non-declaration of certain compensation related to stock option or share purchase plans. In May 2007, the tax authority closed the criminal investigation. Since the closing of the criminal investigation, Arkema Inc. has received a request for additional information in the civil investigation. Arkema Inc. has been cooperating with the tax authority to conclude the civil investigation. In December 2008, Arkema Inc. settled this matter with the tax authority in an amount that the Group believes to be immaterial.

Arkema Inc. is being sued in Texas state court by the family of an employee of a transportation company, who died during the delivery of an odorized product in May 2004. Arkema has reached a settlement with the family members, which settlement has been finalized and approved by the court.

20.2.4 Statutory training entitlement

The French Act of 4 May 2004 relating to professional training created a statutory training entitlement (DIF). Each employee has an entitlement to at least 20 hours' training per year (which can be accumulated over 6 years). Use of the statutory training entitlement is at the employee's initiative, in agreement with the employer. If the employee leaves the company without having used the training entitlement, no compensation is due.

ARKEMA's investment in training will represent, in 2009, approximately 2.9% of payroll costs. In ARKEMA, nearly 80% of training initiatives will enter into categories eligible to qualify under the statutory training entitlement and, in this respect, will be systematically proposed as a priority to employees with a statutory training entitlement.

In addition, branch agreements in the chemicals industries have enabled priority training initiatives in respect of the statutory training entitlement to be defined and, in this context, part of the teaching costs can taken as a charge by the employee benefit body responsible for the scheme's administration.

In these conditions, implementing the statutory training entitlement does not result in any additional costs for ARKEMA.

Note 21 DEBT

Group net debt amounted to €495 million at the end of December 2008, taking account of cash and cash equivalents of €67 million; it is mainly denominated in euros and bears interest at variable rates.

On 31 March 2006, the Group put in place a multi-currency syndicated credit facility in a maximum amount of €1,100 million, with an initial duration of five years, maturing on 31 March 2011. In February 2007, the credit facility was extended a first time until 31 March 2012, for an amount of €1,094 million. In February 2008, the credit facility was extended a second time until 31 March 2013, for an amount of €1,049 million.

The purpose of the credit facility is to finance, in the form of drawings and bank guarantees, the Group's general corporate purposes; the credit facility provides for prepayment in certain cases, including a change of control over ARKEMA; should this clause be triggered by a lender, it could lead to prepayment and cancellation of the commitments of such a lender and incorporates:

► (i) information undertakings, including a representation pertaining to the continued validity and enforceability against the guarantors of the indemnities granted by Total S.A. and certain entities of Total as described in note C28 Off-balance sheet commitments;

► (ii) standard undertakings for this type of agreement, including, undertakings relating, among other things, to certain restrictions in connection with (but not limited to) the granting of securities, the completion of merger or restructuring transactions, the sale or purchase of assets and the Group's debt. Depending on the case, such restrictions will not apply to ordinary operations or to transactions involving amounts below certain thresholds;

► (iii) a financial undertaking: ARKEMA undertakes to maintain a ratio of consolidated net debt to consolidated EBITDA (tested twice a year) of less than 3.

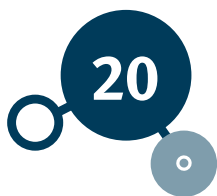
At the end of December 2008, the average interest rate of the syndicated credit facility is approximately 4.4% (compared with 4.3% at 31 December 2007) and the unused amount under the credit facility is €690 million (compared with €695 million at 31 December 2007).

The Group has indicated its intention of maintaining a gearing ratio (net debt/shareholders' equity) of below 40%.

21.1 Analysis of net debt by category

| (In millions of euros) | 31.12.2008 | 31.12.2007 |
|------------------------------|------------|------------|
| Finance lease obligations | 16 | 17 |
| Bank loans | 28 | 15 |
| Other non-current debt | 25 | 29 |
| Non-current debt | 69 | 61 |
| Finance lease obligations | 2 | 1 |
| Syndicated credit facility * | 410 | 405 |
| Other bank loans | 69 | 43 |
| Other current debt | 12 | 7 |
| Current debt | 493 | 456 |
| Debt | 562 | 517 |
| Cash and cash equivalents | 67 | 58 |
| NET DEBT | 495 | 459 |

* See note 21.2.



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21.2 Analysis of debt by maturity

The breakdown of debt, including interest costs, by maturity is as follows:

| (In millions of euros) | 31.12.2008 | 31.12.2007 |
|------------------------|------------|------------|
| Less than 1 year * | 497 | 460 |
| Between 1 and 2 years | 8 | 9 |
| Between 2 and 3 years | 8 | 7 |
| Between 3 and 4 years | 27 | 6 |
| Between 4 and 5 years | 3 | 9 |
| More than 5 years | 34 | 37 |
| TOTAL | 577 | 528 |

* Amounts maturing in less than 1 year include the current drawings under the syndicated credit facility. Even though it matures in March 2013, this syndicated credit facility is classified in current debt as it is used in the form of revolving short-term drawings.

21.3 Analysis of debt by currency

ARKEMA's debt is mainly denominated in euros.

| (In millions of euros) | 31.12.2008 | 31.12.2007 |
|------------------------|------------|------------|
| Euros | 491 | 465 |
| US Dollars | 20 | 20 |
| Chinese Yuan | 39 | 22 |
| Korean Won | 8 | 5 |
| Other | 4 | 5 |
| TOTAL | 562 | 517 |

Note 22 MANAGEMENT OF RISKS RELATED TO FINANCIAL ASSETS AND LIABILITIES

ARKEMA's businesses expose it to various risks, including market risks (risk of changes in exchange rates, interest rates and the prices of raw materials and energy), credit risk and liquidity risk.

22.1 Foreign currency risk

The Group is exposed to transaction risks related to foreign currencies. The Group's policy is that a risk exists, and must thus be taken into account in the foreign currency position to be hedged, as soon as the event generating the risk is certain: this leads the Group to hedge, in almost all cases, the foreign currency positions recognized in its accounts, and, to a much more limited extent, forecast flows and net investments in foreign operations. Foreign currency risk is identified at the level of each subsidiary, each of which hedges its net foreign currency positions against its functional currency. The Group endeavors to minimize the foreign currency risk of each entity against its accounting currency. Thus, Group companies' debt is denominated in their functional currencies except when financing

in a foreign currency is matched with a commercial risk in the same currency.

The Group hedges its foreign currency risk mainly through spot foreign currency transactions or through forward transactions over short maturities, generally not exceeding 6 months. In almost all cases, the Group's subsidiaries contract their foreign currency transactions with ARKEMA's central treasury department. ARKEMA's central treasury department thus hedges a net overall foreign currency position.

The portion of foreign exchange gains and losses corresponding to interest income/expense reflected by the difference between the spot exchange rate and the forward exchange rate is recorded in financial result since 1 January 2008. It amounted to €-2 million at 31 December 2008 (€+4 million at 31 December 2007).

22.2 Interest rate risk

The Group obtains most of its financing through the variable rate syndicated credit facility of €1,100 million available to it. The general

financing policy defined by the Group is to favor variable rate debt over fixed rate debt. Exposure to interest rate risk is managed by the Group's central treasury department and simple derivatives are used as hedging instruments. The Group has not entered into any interest rate hedges at 31 December 2008.

An increase (decrease) of 1% (100 basis points) in interest rates would have the effect of increasing (decreasing) the interest expense on financial liabilities measured at amortized cost by €5 million.

22.3 Liquidity risk

The Group's central treasury department manages the liquidity risk related to the Group's debt.

In almost all cases, Group companies obtain their financing from, and manage their cash with, Arkema France or other Group entities that manage cash pooling mechanisms.

Liquidity risk is managed with the main objective of ensuring renewal of the Group's financing and, in the context of meeting this objective, optimizing the annual financial cost of the debt. The Group thus has a variable rate credit facility of a maximum amount of (i) €1,100 million up to 31 March 2011, (ii) €1,094 million up to 31 March 2012 and (iii) €1,049 million up to 31 March 2013 (described in note C21 Debt) with the purpose of covering all of the Group's financing needs and of giving it sufficient flexibility to meet its obligations.

The Group's net debt at 31 December 2008 amounts to €495 million.

At 31 December 2008, the amount available under the syndicated credit facility is €690 million and the amount of cash and cash equivalents is €67 million.

The main circumstance in which early repayment or termination of the facility could occur is if the ratio of consolidated net debt to consolidated EBITDA were to become greater than 3. At 31 December 2008, consolidated net debt represents 1.0 times consolidated EBITDA.

Note C21 Debt provides details of the maturities of debt.

22.4 Credit risk

The Group is potentially exposed to credit risk on its accounts receivable and as regards its banking counterparts.

Credit risk on accounts receivable is limited because of the large number of its clients and their geographical dispersion. The Group's general policy for managing credit risk involves assessing the solvency of each new customer before entering into business relations: each customer is allocated a credit limit, which constitutes

the maximum level of outstandings (receivables plus orders) accepted by the Group, on the basis of the financial information obtained on the customer and the analysis of solvency carried out by the Group. These credit limits are revised regularly and, in any case, every time that a material change occurs in the customer's financial position. Customers who cannot obtain a credit limit because their financial position is not compatible with the Group's requirements in terms of solvency only receive deliveries when they have paid for their order.

Even though the Group has incurred very few bad debts for the last number of years, it has decided to cover all of its accounts receivable credit risk by putting in place a global credit insurance program. Roll-out of this program started at the end of 2008. On account of the statistically low bad debt rate experienced by the Group, the rate of cover is significant. Customers with whom the Group wishes to continue commercial relations but which are not covered by this insurance will be subject to specific centralized monitoring.

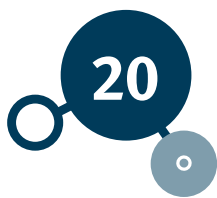
In addition, the Group's policy for recognizing bad debt provisions in respect of receivables not covered by credit insurance, or the portion of receivables that are not so covered, has two components: receivables are individually provided against as soon as a specific risk of loss (economic and financial difficulties of the customer in question, entry into receivership, etc.) is clearly identified. The Group may also recognize general provisions for receivables that are overdue for such a period that the Group considers that a statistical risk of loss exists. These periods are adapted depending on the BUs and the geographical regions in question.

Banking credit risk is related to financial investments, derivatives and credit facilities granted by banks. The Group limits its exposure to credit risk by only investing in liquid securities with first-class commercial banks.

The net carrying amount of financial assets indicated in note C23, Presentation of financial assets and liabilities, represents the maximum exposure to credit risk.

22.5 Risk related to raw materials and energy

The prices of certain raw materials used by ARKEMA are highly volatile and their fluctuations lead to significant variations in cost of production of the Group's products; in addition, because of the importance of the Group's requirements in terms of energy resources resulting notably from the electrically intensive nature of certain of its manufacturing processes, ARKEMA is also very sensitive to changes in the price of energy. In order to limit the impact of price volatility of the principal raw materials it uses, ARKEMA can decide to use derivatives matched with existing contracts or can negotiate fixed price contracts for limited periods.



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Note 23 PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities by accounting caption

2008 FINANCIAL YEAR

| IAS 39 category Class of instruments <i>(In millions of euros)</i> | Notes | Assets/ liabilities measured at fair value through profit or loss | Assets/ liabilities measured at fair value through shareholders' equity | Assets/ liabilities measured at amortized cost | Available for sale assets | Total net carrying amount |
|--|-------|--|---|---|------------------------------|---------------------------------|
| Other investments | (C13) | - | - | - | 22 | 22 |
| Other non-current assets (loans and advances, security deposits paid) | (C14) | - | - | 92 | - | 92 |
| Accounts receivable | (C16) | - | - | 838 | - | 838 |
| Cash and cash equivalents | (C17) | - | - | 67 | - | 67 |
| Derivatives | (C23) | 17 | 13 | - | - | 30 |
| FINANCIAL ASSETS | | 17 | 13 | 997 | 22 | 1,049 |
| Current and non-current debt | (C21) | - | - | 562 | - | 562 |
| Accounts payable | | - | - | 690 | - | 690 |
| Derivatives | (C23) | 40 | 5 | - | - | 45 |
| FINANCIAL LIABILITIES | | 40 | 5 | 1,252 | - | 1,297 |

2007 FINANCIAL YEAR

| IAS 39 category Class of instruments <i>(In millions of euros)</i> | Notes | Assets/ liabilities measured at fair value through profit or loss | Assets/ liabilities measured at fair value through shareholders' equity | Assets/ liabilities measured at amortized cost | Available for sale assets | Total net carrying amount |
|--|-------|--|---|---|------------------------------|---------------------------------|
| Other investments | (C13) | - | - | - | 24 | 24 |
| Other non-current assets (loans and advances, security deposits paid) | (C14) | - | - | 95 | - | 95 |
| Accounts receivable | (C16) | - | - | 1,000 | - | 1,000 |
| Cash and cash equivalents | (C17) | - | - | 58 | - | 58 |
| Derivatives | (C23) | 1 | - | - | - | 1 |
| FINANCIAL ASSETS | | 1 | - | 1,153 | 24 | 1,178 |
| Current and non-current debt | (C21) | - | - | 517 | - | 517 |
| Accounts payable | | - | - | 786 | - | 786 |
| Derivatives | (C23) | 6 | - | - | - | 6 |
| FINANCIAL LIABILITIES | | 6 | - | 1,303 | - | 1,309 |

At 31 December 2008 as at 31 December 2007, the fair value of financial assets and liabilities is approximately equal to their net carrying amount.

Derivatives

The main derivatives used by the Group are as follows:

| (In millions of euros) | Notional amount of contracts at 31.12.2008 | | | Notional amount of contracts at 31.12.2007 | | | Fair value of contracts | |
|------------------------------------|---|----------|-----------|---|----------|-----------|----------------------------|------------|
| | < 5 years and | | > 5 years | < 5 years and | | > 5 years | 31.12.2008 | 31.12.2007 |
| | < 1 year | > 1 year | | < 1 year | > 1 year | | | |
| Forward foreign currency contracts | 690 | - | - | 396 | - | - | (8) | (6) |
| Commodities and energy swaps | 84 | - | - | 4 | - | - | (7) | 0 |
| TOTAL | 774 | - | - | 400 | - | - | (15) | (6) |

Impact of financial instruments on the income statement

The income statement includes the following items related to financial assets (liabilities):

| | 2008 | 2007 |
|--|-------------|-------------|
| TOTAL INTEREST INCOME (EXPENSES) ON FINANCIAL ASSETS AND LIABILITIES * | (27) | (13) |
| Impact on the income statement of valuation of derivatives at fair value | (18) | (5) |
| Impact on the income statement of the ineffective portion of cash flow hedge instruments | 0 | 0 |
| Impact on the income statement of valuation of available for sale assets | 3 | 2 |

* Excluding interest costs on pension obligations and the expected return on related plan assets.

The amount of foreign exchange gains and losses recognized in recurring operating income in 2008 is a loss of €3 million (gain of €2 million in 2007). As the foreign currency denominated assets and liabilities of Group companies are hedged with their respective functional currencies, a change in exchange rates does not have a material impact of the income statement.

Impact of financial instruments on shareholders' equity

Shareholders' equity includes the following items relating to cash flow hedges and hedges of net investments in foreign operations at 31 December 2008:

- expenses of €5 million recognized through equity in respect of cash flow hedges *;
- income of €13 million recognized through equity in respect of hedges of net investments in foreign operations.

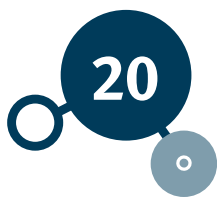
At 31 December 2007, the amounts recognized in the Group's shareholders' equity in this respect were not material.

Note 24 OTHER CREDITORS AND ACCRUED LIABILITIES

Other creditors and accrued liabilities are mainly comprised of employee-related liabilities for €155 million at 31 December 2008 (€168 million at 31 December 2007) and amounts owing to

governments for €32 million at 31 December 2008 (€37 million at 31 December 2007).

* These cash flows should occur in 2009 and impact the 2009 income statement.



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Note 25 PERSONNEL EXPENSES

Personnel expenses, including stock-options and free share grants (see note C27 Share-based payment), amount to €920 million in 2008 (€932 million in 2007). They are comprised of €663 million of

wages and salaries and IFRS 2 expenses (€674 million in 2007) and €257 million of social charges (€258 million in 2007).

Note 26 RELATED PARTIES

26.1 Transactions with non-consolidated or equity accounted companies

Transactions between consolidated companies have been eliminated in the consolidation process. In addition, in the normal course of business, the Group has business relationships with certain non-

consolidated companies or with companies which are consolidated under the equity method. These transactions mainly concern purchases of raw materials and interest charges on current accounts. The amounts are presented in the table below. The corresponding transactions were carried out at market prices.

| (In millions of euros) | Equity accounted affiliates | | Non-consolidated companies | |
|--|-----------------------------|------------|----------------------------|------------|
| | 31.12.2008 | 31.12.2007 | 31.12.2008 | 31.12.2007 |
| Transactions | | | | |
| Sales of goods | - | - | 6 | - |
| Other income | 5 | - | 2 | 2 |
| Purchases of goods and services | (27) | (36) | - | - |
| Other expenses (including financial expenses) | - | - | (1) | - |
| Balance sheet amounts resulting from transactions | | | | |
| Assets | | | | |
| Accounts receivable | 1 | - | 4 | - |
| Financial receivables and other receivables | 4 | - | - | - |
| Liabilities | | | | |
| Accounts payable | 1 | 2 | 3 | - |
| Debt and other creditors | - | - | - | - |

NB: The new companies consolidated in 2008 are listed in "Scope of consolidation".

26.2 Compensation of key management personnel

Key management personnel of a group, as defined in IAS 24, are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or

indirectly, including any director (whether executive or otherwise) of that entity

The key management personnel of the Arkema Group are the directors and the members of its executive committee (COMEX).

The compensation recognized in expenses by ARKEMA is as follows:

| (In millions of euros) | 2008 | 2007 |
|--|------|------|
| Salaries and other short-term benefits | 4.3 | 4.0 |
| Pensions, other post-employment benefits and contract termination benefits | 0.7 | 0.6 |
| Other long-term benefits | - | - |
| Share-based payment | 2.3 | 2.0 |

Note 27 SHARE-BASED PAYMENTS

27.1 Stock options

The Board of Directors granted ARKEMA stock options to management and certain Group employees

The main characteristics of the stock option plans are as follows:

| | 2006 Plan | 2007 Plan | 2008 Plan | Total |
|---|----------------|----------------|----------------|------------------|
| Date of Annual General Meeting | 10 May 2006 | 10 May 2006 | 10 May 2006 | |
| Date of Board of Directors meeting | 4 July 2006 | 14 May 2007 | 13 May 2008 | |
| Vesting period | 2 years | 2 years | 2 years | |
| Minimum period until sale | 4 years | 4 years | 4 years | |
| Period of validity | 8 years | 8 years | 8 years | |
| Exercise price | 28.36 | 44.63 | 36.21 | |
| Number of options | | | | |
| In circulation at 1 January 2007 | 540,000 | - | - | 540,000 |
| Granted | - | 600,000 | - | 600,000 |
| Cancelled | 4,000 | - | - | 4,000 |
| Exercised | - | - | - | - |
| In circulation at 31 December 2007 | 536,000 | 600,000 | - | 1,136,000 |
| In circulation at 1 January 2008 | 536,000 | 600,000 | - | 1,136,000 |
| Granted | - | - | 460,000 | 460,000 |
| Cancelled | - | 7,800 | - | 7,800 |
| Exercised | 1,150 | - | - | 1,150 |
| In circulation at 31 December 2008 | 534,850 | 592,200 | 460,000 | 1,587,050 |

VALUATION METHOD

The fair value of the options granted was determined using the Black & Scholes method on the basis of assumptions, of which the main ones are as follows:

| | 2006 Plan | 2007 Plan | 2008 Plan |
|---|-------------|-------------|-------------|
| Volatility | 22% | 20% | 25% |
| Risk-free rate | 2.82% | 3.39% | 4.00% |
| Maturity | 4 years | 4 years | 4 years |
| Exercise price (in euros) | 28.36 | 44.63 | 36.21 |
| Fair value of stock-options (in euros) | 6.29 | 7.89 | 8.99 |

The volatility assumption was determined on the basis of observation of historical movements in the ARKEMA share since its admission to listing, restated for certain non-representative days in order to better represent the long-term trend.

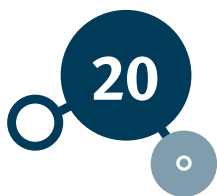
The maturity retained for the option corresponds to the period of unavailability for tax purposes.

The amount of the expense recognized in respect of stock options at 31 December 2008 was €4 million (€3 million at 31 December 2007).

27.2 Free share grant

On 13 May 2008, the Board of Directors validated two free share grant plans on the basis of a proposal from the nominating and compensation committee.

Plan 1 relates to management and certain Group employees, particularly those with responsibilities whose exercise influences the results of the Group. Under this plan, the free grant is definitive after a vesting period of 2 years commencing on the date of the Board of Directors meeting which makes the grant, subject to compliance with a condition concerning presence in the Group and a performance condition relating to growth in the Group's profitability.



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Plan 2 relates to:

- group employees whose performance is outstanding and whose loyalty the Group wishes to secure;
- employees of subsidiaries located in countries where it was not possible to propose subscription to the capital increase.

Under this plan, the free grant is definitive after a vesting period of 2 years commencing on the date of the Board of Directors meeting which makes the grant, subject only to compliance with a condition concerning presence in the Group.

The main characteristics of the free share grant plans in force are as follows:

| | 2006 Plan | 2007 Plan | 2008 Plan-1 | 2008 Plan-2 | Total |
|---|----------------|----------------|----------------|---------------|----------------|
| Date of Annual General Meeting | 10 May 2006 | 10 May 2006 | 10 May 2006 | 10 May 2006 | |
| Date of Board of Directors meeting | 4 July 2006 | 14 May 2007 | 13 May 2008 | 13 May 2008 | |
| Vesting period | 2 years | 2 years | 2 years | 2 years | |
| Conservation period | 2 years | 2 years | 2 years | 2 years | |
| Performance condition | Yes | Yes | Yes | No | |
| Number of free shares | | | | | |
| In circulation at 1 January 2007 | 150,000 | - | - | - | 150,000 |
| Granted | - | 125,000 | - | - | 125,000 |
| Cancelled | 6,685 | - | - | - | 6,685 |
| Definitively granted | - | - | - | - | - |
| In circulation at 31 December 2007 | 143,315 | 125,000 | - | - | 268,315 |
| In circulation at 1 January 2008 | 143,315 | 125,000 | - | - | 268,315 |
| Granted | - | - | 135,556 | 44,444 | 180,000 |
| Cancelled | 2,210 | 995 | - | - | 3,205 |
| Definitively granted | 141,105 | - | - | - | 141,105 |
| In circulation at 31 December 2008 | 0 | 124,005 | 135,556 | 44,444 | 304,005 |

The amount of the expense recognized in respect of free share grants at 31 December 2008 was €4 million (€4 million at 31 December 2007).

The employees subscribed to 618,462 shares. The capital increase was completed and recognized on 30 April 2008.

27.3 Capital increase reserved to employees

In the context of the Group's employee shareholding policy, ARKEMA proposed its employees that they subscribe to a reserved capital increase at a subscription price of €30.42. This price corresponds to the average opening market price of the ARKEMA share on the Paris stock market in the 20 trading days preceding the Board of Directors meeting of 4 March 2008, to which a discount of 20% was applied.

VALUATION METHOD

In accordance with the method recommended by the French National Accounting Board (Conseil National de la Comptabilité), the calculation used to value the cost of not being able to sell the shares for 5 years is based on the cost of a two-step strategy involving (i) a 5-year forward sale of the shares in question and (ii) a cash purchase of the same number of shares, financed by a loan. The rate used for the loan is the rate that a bank would grant to a private individual presenting an average risk profile in the context of a 5-year consumer loan.

The main market parameters used in the valuation of the cost of not being able to sell the shares are as follows:

| | |
|---|--------------|
| Date of the Board meeting which decided on the capital increase | 4 March 2008 |
| Share price at the date of the board meeting | €37.15 |
| 5-year risk free interest rate | 3.54% |
| 5 year loan rate | 7.75% |
| Cost of not being able to sell the shares | 20% |

On the basis of the share price at the date of the Board meeting, the benefit granted represents €4 million. As the cost of not being able to sell the shares, calculated on the basis of the above parameters,

is an equivalent amount, no expense was recognized in the income statement.

Note 28 OFF-BALANCE SHEET COMMITMENTS

28.1 Commitments given

28.1.1 Off-balance sheet commitments given in ordinary course of business

The main commitments given are summarized in the table below:

| (In millions of euros) | 31.12.2008 | 31.12.2007 |
|-------------------------------|------------|------------|
| Guarantees granted | 65 | 46 |
| Comfort letters | 2 | 2 |
| Contractual guarantees | 23 | 19 |
| Customs and excise guarantees | 8 | 8 |
| TOTAL | 98 | 75 |

Guarantees granted are mainly bank guarantees in favor of local authorities and public bodies (state agencies, environmental agencies) in respect of environmental obligations or concerning classified sites. The change at 31 December 2008 mainly arises as a result of Seveso guarantees given in the context of capacity increases.

28.1.2 Contractual commitments

Irrevocable purchase commitments

In the normal course of business, ARKEMA signed multi-year purchase agreements for raw materials and energy for the operational requirements of its factories, in order to guarantee the security and

continuity of supply. Signature of such contracts over periods of between 1 to 15 years is a normal practice for companies in ARKEMA's business sector in order to cover their needs.

These purchase commitments were valued taking into account, on a case-by-case basis, ARKEMA's financial commitment to its suppliers, as certain of these contracts include clauses which oblige ARKEMA to take delivery of the minimum volumes as set out in the contract or, otherwise, to pay financial compensation to the supplier. Depending on the case, these commitments are reflected in the purchase agreements in the form of notice periods, indemnification to be paid to the supplier in case of early termination of the contract or "take or pay" type clauses.

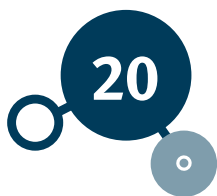
The total amount of the Group's financial commitments is valued on the basis of the last known prices and amounts to €963 million at 31 December 2008 (see maturity schedule below):

| (In millions of euros) | 31.12.2008 | 31.12.2007 |
|------------------------------------|------------|------------|
| 2008 | - | 221 |
| 2009 | 299 | 135 |
| 2010 | 159 | 132 |
| 2011 | 139 | 72 |
| 2012 | 68 | 67 |
| 2013 until expiry of the contracts | 298 | 242 |
| TOTAL | 963 | 869 |

Lease commitments

In the context of its business, ARKEMA has signed lease contracts, of which the majority are operating lease agreements. Lease

agreements signed by ARKEMA are mainly in respect of property rental (head offices, land, Fos port concession) and transportation equipment (rail cars, containers, transport barges).



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The amounts presented in the table below correspond to the future minimum payments that will need to be made in accordance with these contracts (only the irrevocable portion of future lease payments has been valued).

| (In millions of euros) | 31.12.2008 | | 31.12.2007 | |
|---|--------------------|------------------------|--------------------|------------------------|
| | Capitalized leases | Non-capitalized leases | Capitalized leases | Non-capitalized leases |
| 2008 | - | - | 3 | 21 |
| 2009 | 3 | 20 | 3 | 20 |
| 2010 | 3 | 20 | 3 | 17 |
| 2011 | 3 | 17 | 3 | 14 |
| 2012 | 2 | 16 | 2 | 13 |
| 2013 and beyond | 12 | 78 | 12 | 64 |
| NOMINAL VALUE OF FUTURE LEASE PAYMENTS | 22 | 151 | 25 | 149 |
| Finance cost | 5 | NA | 6 | NA |
| PRESENT VALUE | 17 | NA | 19 | NA |

NA: not applicable.

28.1.3 Other commitments given

Warranties related to sales of businesses

Sales of businesses generally involve the provision of warranties in respect of unrecorded liabilities to the purchaser. ARKEMA sometimes grants such warranties on the sale of businesses. In most cases these warranties are capped and granted for a limited period of time. They are also limited in terms of their coverage to certain types of litigation and claims. In the majority of cases, they cover risks of occurrence of environmentally related claims.

The cumulative residual amount of capped warranties in respect of unrecorded liabilities granted in the past by ARKEMA amounted to €84 million at 31 December 2008 (€87 million at 31 December 2007). These amounts are stated net of provisions recognized in the balance sheet in respect of such warranties.

28.2 Commitments received

Commitments received from Total in 2006

In connection with the Spin-Off of Arkema's Businesses, Total S.A. and certain Total companies have extended certain indemnities, or have assumed certain obligations, for the benefit of ARKEMA, relating to (i) certain antitrust litigation, (ii) certain actual or potential environmental liabilities of the Group arising from certain sites in France, Belgium and the United States, the operations on which in the majority of cases have ceased, (iii) certain tax matters, and (iv) the Spin-Off of Arkema's Businesses. These indemnities and obligations are described below.

28.2.1 The Indemnities extended by Total in respect of certain antitrust litigation

In order to cover potential risks in connection with antitrust litigation relating to anti-competitive agreements in Europe and the United States and arising from facts prior to 18 May 2006 (or prior to 7 March 2006, as the case may be), Total S.A. has extended to Arkema S.A. and Elf Aquitaine, Inc. has extended to Arkema Amériques SAS, the indemnities, the principal terms of which can be described as follows.

Subject-matter of the Indemnities

By an agreement dated 15 March 2006 (the Arkema European Indemnity), Total S.A. agreed to indemnify Arkema S.A. for 90% of (i) any payment due by Arkema S.A. or any of its subsidiaries (with the exception of Arkema Amériques SAS and its subsidiaries) pursuant to a money judgment imposed by EU antitrust authorities, or by national antitrust authorities of a Member State of the European Union, for violations of antitrust laws relating to anticompetitive agreements, (ii) any damages payable by Arkema S.A. or any of its subsidiaries (with the exception of Arkema Amériques SAS and its subsidiaries) pursuant to civil proceedings arising from the same facts which form the basis of a judgment referred to in (i), and (iii) certain expenses incurred in connection with such proceedings by Arkema S.A. or any of its subsidiaries (with the exception of Arkema Amériques SAS and its subsidiaries).

By an agreement dated 15 March 2006 (the Arkema U.S. Indemnity), Total S.A. also agreed to indemnify Arkema S.A. for 90% of (i) any payment due by Arkema S.A. or any of its subsidiaries (with the exception of Arkema Amériques SAS and its subsidiaries) pursuant to a money judgment imposed by U.S. courts or antitrust authorities for violations of U.S. federal or state antitrust laws relating to

anticompetitive agreements, or in respect of a settlement entered into in the context of such proceedings, (ii) any damages payable by Arkema S.A. or any of its subsidiaries (with the exception of Arkema Amériques SAS and its subsidiaries) pursuant to civil proceedings arising from the same facts which form the basis of a judgment referred to in (i), and (iii) certain expenses incurred in connection with such proceedings by Arkema S.A. or any of its subsidiaries (with the exception of Arkema Amériques SAS and its subsidiaries).

In connection with the sale of Arkema Delaware, Inc. shares by Elf Aquitaine, Inc. to Arkema Amériques SAS, Elf Aquitaine, Inc. agreed, in the agreement dated 7 March 2006 (the Arkema Delaware Indemnity), to indemnify Arkema Amériques SAS for 90% of (i) any payment due by Arkema Amériques SAS or any of its subsidiaries pursuant to a money judgment imposed by U.S. courts or antitrust authorities for violations occurring prior to 7 March 2006 of U.S. federal or state antitrust laws relating to anticompetitive agreements, or in respect of the settlement entered into in the context of such proceedings, (ii) any damages payable by Arkema Amériques SAS or any of its subsidiaries pursuant to civil proceedings arising from the same facts which form the basis of a judgment referred to in (i), and (iii) certain expenses incurred by Arkema Amériques SAS or any of its subsidiaries in connection with such proceedings.

Arkema Amériques SAS has benefited from an indemnification of \$16 million under the Arkema Delaware Indemnity. At 31 December 2008, the residual amount covered by this indemnity amounts to \$876 million.

Finally, Total S.A. extended to Arkema S.A. a supplemental indemnity dated 15 March 2006 (the Supplemental Arkema Delaware Indemnity) covering 90% of sums payable by Arkema Amériques SAS or any of its subsidiaries in respect of litigation relating to anticompetitive agreements in the United States in excess of the maximum amount covered by the Arkema Delaware Indemnity.

The Arkema European Indemnity, the Arkema U.S. Indemnity, the Arkema Delaware Indemnity and the Supplemental Arkema Delaware Indemnity are hereinafter referred to together as the Indemnities and individually as an Indemnity.

Liabilities not covered by the Indemnities

The following liabilities are not covered by the Indemnities:

- liabilities arising from facts occurring after 18 May 2006 in the case of the Arkema European Indemnity and the Arkema U.S. Indemnity, or after 7 March 2006 in the case of the Arkema Delaware Indemnity and the Supplemental Arkema Delaware Indemnity (including, in case of liabilities arising from facts occurring both before and after the relevant date, the portion of the liability relating to the period after 18 May 2006 or after 7 March 2006, as the case may be);
- liabilities arising from violations of antitrust laws other than those prohibiting anticompetitive agreements; and
- liabilities imposed by authorities outside the European Union (in the case of the Arkema European Indemnity) or the United States (in the case of the other Indemnities).

Participation of Total in the management of litigation covered by the Indemnities

The Indemnities provide for the participation by Total S.A. or Elf Aquitaine, Inc., as the case may be, in the management of litigation covered by the Indemnities, which involves a certain number of obligations on the part of Arkema S.A. and Arkema Amériques SAS, in particular the obligation to notify Total S.A. or Elf Aquitaine, Inc., as the case may be, of certain events occurring in the context of proceedings covered by the Indemnities and act in accordance with the advice and instructions of Total S.A. or Elf Aquitaine, Inc., as the case may be, relating to such proceedings. Total S.A. and Elf Aquitaine, Inc., as the case may be, also have the right to assume sole control of the defence of the Group entity in question. Failure by Arkema S.A. or Arkema Amériques SAS to comply with these obligations can result, in certain circumstances, in the automatic termination of the Indemnity, as described below.

Amount of the indemnification

The Arkema European Indemnity, whose deductible of €176.5 million has been exceeded, gave rise to indemnification of €212 million being received from Total S.A. The Arkema U.S. Indemnity, the Arkema Delaware Indemnity and the Supplemental Arkema Delaware Indemnity do not have a deductible.

Cross-indemnities of Arkema S.A. and Arkema Inc.

Arkema S.A. and Arkema Inc. have agreed to indemnify Total S.A. in respect of any liability covered by the Indemnities but which is borne, not by a Group entity but by Total S.A. or one of its subsidiaries due to facts attributable to a Group company, whether the liability of Total S.A. or of its subsidiaries is determined to be direct or derivative, exclusive or joint and several, relative to the liability of the Group entity to which the facts are attributable.

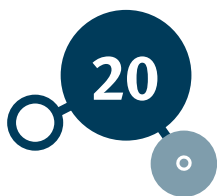
However, this cross-indemnity by Arkema S.A. and Arkema Inc. will be reduced by the indemnity which would have been paid by Total S.A. or Elf Aquitaine, Inc., as the case may be, under the relevant Indemnity if the liability had been borne by a Group company. Consequently, if the cross-indemnity of Arkema S.A. and Arkema Inc. is triggered, Arkema S.A. or Arkema Inc., as the case may be, would only be obligated to indemnify Total S.A. for 10% of the liabilities borne by Total S.A. or one of its subsidiaries (in the case of the Arkema European Indemnity, this 10% relates to the amount, if any, that exceed the deductible).

Term of the indemnities

The Arkema European Indemnity and the Arkema U.S. Indemnity are valid for a term of 10 years from 18 May 2006. The Arkema Delaware Indemnity and the Supplemental Arkema Delaware Indemnity are valid for a term of 10 years from 7 March 2006.

The Arkema S.A. cross-indemnity is valid for a term of 10 years from 18 May 2006.

The Arkema Inc. cross-indemnity is valid for a term of 10 years from 7 March 2006.



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Termination of the Indemnities

Indemnities shall terminate in the event that a natural person or legal entity, acting alone or in concert with others, acquires, directly or indirectly, more than one third of the voting rights of Arkema S.A. (voting rights are subject to a ceiling of 10% – and 20% in the case of double voting rights – unless a purchaser acquires at least two thirds of the Total number of Arkema S.A. shares in a public transaction targeting all Arkema S.A. shares) or if the Group transfers, directly or indirectly, in one or several times, to the same third party or to several third parties acting in concert, assets representing more than 50% of the Group's "enterprise value" (as defined in the Indemnities) at the time of the relevant transfer.

The Arkema European Indemnity and the Arkema U.S. Indemnity will terminate if Arkema S.A. loses control of Arkema France.

The Arkema Delaware Indemnity and the Supplemental Arkema Delaware Indemnity will terminate if Arkema S.A. loses control of Arkema Amériques SAS, or if Arkema Amériques SAS loses control of Arkema Delaware Inc.

Finally, the Indemnities will terminate in the event of a material breach by the Group of its obligations under the relevant Indemnity if such breach has remained uncured for 30 days after notice by the indemnifying party demanding its cure.

The Indemnities provide that, upon the occurrence of a termination event, the only liabilities of Group companies that will remain covered by the Indemnities are those, if any, which (i) fell due prior to the termination event and (ii) were notified to Total S.A. or to Elf Aquitaine, Inc., as the case may be, prior to the termination event.

28.2.2 Obligations and indemnities given in respect of Former Industrial Sites

In order to cover certain risks relating to certain industrial sites situated in France, Belgium and the United States in respect of which the Group is or could be held liable, and where, for the most part, operations have ceased (the Former Industrial Sites), Total S.A. companies have entered with Arkema S.A. or its subsidiaries into indemnity and service agreements the principal terms of which can be described as follows:

Agreement relating to Former Industrial Sites located in France

Arkema France has entered into various agreements with Total companies and in particular Retia. Pursuant to these agreements, the Total companies concerned, in consideration of a flat fee already paid by Arkema France, assume all the investigation, restoration and monitoring obligations that could be imposed on Arkema France by the competent administrative authorities in respect of industrial sites located in France the operation of which, for the most part, has ceased. To this end, the agreements provide, in particular, (i) in the majority of cases, for the transfer of ownership of the sites concerned by Arkema France to the Total companies concerned, (ii) for the Total companies concerned to be substituted for Arkema France in the capacity of last operator of those sites whenever that is possible, (iii) for the performance by the Total companies concerned of the restoration obligations of the sites in question in accordance with

the applicable rules and (iv) for the indemnity by the Total companies in respect of the financial consequences of claims which could be brought against Arkema France by reason of the impact of those sites on the environment.

In most cases, Arkema France retains responsibility for the consequences concerning employees and former employees of Arkema France as well as third parties, in terms of public health or occupational pathologies, of the industrial activities formerly carried out by Arkema France and its predecessors on the sites which are the subject of the aforementioned agreements.

Agreement relating to the Former Industrial Site at Rieme in Belgium

On December 30, 2005, Arkema France sold all of the shares that it held in the share capital of the Belgian company Resilium Belgium to the company Septentrion Participations, a subsidiary of Total S.A.

The company Resilium Belgium is the owner of a Former Industrial Site located at Rieme in Belgium.

Having regard to the future costs that might arise from the restoration of the Former Industrial at Rieme, Arkema France has paid the company Septentrion Participations financial compensation. In exchange, Septentrion Participations has undertaken to assume all restoration obligations in respect of the site at Rieme and to indemnify Arkema France against all claims, actions and complaints relating to Resilium Belgium, its assets and its liabilities.

Agreement relating to certain Former Industrial Sites located in the United States

In March 2006, Arkema Amériques SAS consummated the acquisition from Elf Aquitaine Inc. and Arkema France of Arkema Delaware Inc., a holding company of most of the Group's operations in the United States. The negotiated terms of the stock purchase agreement among Elf Aquitaine Inc., Legacy Sites Services LLC and Arkema Amériques SAS, dated 7 March 2006 (the Arkema Delaware Main SPA) required Elf Aquitaine Inc. to use \$270 million to capitalize a new subsidiary, Legacy Sites Services LLC that will perform remediation services and indemnify the Group against the cost of environmental contamination liabilities incurred by the Group entities covered by this indemnity, and related personal injury and property damage claims associated with contamination at 35 of the Group's closed and formerly operated facilities and 24 third party sites where the Group's liability arises solely out of wastes shipments from the sites other than currently operated sites. In exchange for this indemnification, Arkema Amériques SAS agreed to grant to Legacy Sites Services LLC control over remediation activities and the defence of claims relating to contamination liabilities at these facilities and sites, subject to certain exceptions and exclusions.

The sites currently operated by the Group are excluded from this indemnity, as are sites that received waste associated with current operations of the Group and certain sites where no significant restoration work is currently underway or anticipated and other sites where the Group could be held liable for environmental pollution. These other sites include, for example, sites where remediation has been conducted in the past or where future remediation costs or liability are believed to be insignificant or non-existent based upon

information available at the time when the indemnity was entered into. Arkema Amériques SAS has waived any claims against Legacy Sites Services LLC, Total S.A. or their respective subsidiaries in respect of the sites not covered by the indemnity.

The Legacy Sites Services LLC indemnity covers the costs of restoration and clean-up of the soil and groundwater, the costs of related defence and settlement costs and personal injury, property and natural resource damages. The indemnity does not cover liabilities unrelated to site remediation, in particular liabilities in respect of products manufactured on the said sites, liability arising from certain dangerous and potentially dangerous substances, particularly asbestos exposure and criminal liability.

The indemnity described above is capped at \$270 million. The amount received by ARKEMA under this indemnity amounted to \$27 million. At the same time as the stock purchase agreement and the indemnity described above, Legacy Site Services LLC and Arkema Inc. entered into a supplemental contamination indemnity agreement pursuant to which Legacy Site Services LLC will indemnify the liabilities of the Group in excess of \$270 million, on the same terms, for the same sites and subject to the same exceptions as the indemnity described in the preceding paragraph.

28.2.3 Tax indemnity granted by Total S.A.

In order to cover potential tax risks related to the business activities transferred by the Group to Total or from the reorganization in connection with the Spin-Off of Arkema's Businesses, Total S.A. has granted an indemnity to Arkema S.A., the main terms of which can be described as follows.

Purpose of the tax indemnity

Under the terms of an agreement dated 15 March 2006 (the Tax Indemnity), Total S.A. has undertaken to indemnify Arkema S.A. for (i) liabilities arising from any tax, customs or levies not covered by reserves, for which the Group would remain liable, when such liabilities arise from (x) activities in the petrochemicals and specialties sectors that were transferred by the Group to Total and the triggering event of which occurred prior to the date of such transfer; or (y) the reorganization undertaken for the purpose of spinning off Arkema's Businesses from Total's Chemicals sector, including, in particular, the Elf Spin-Off, the Total Spin-Off, the Merger and certain prior securities reclassification transactions; (ii) interest, fines, penalties, additional charges or other costs related thereto; and (iii) provided that Total S.A. has given its prior consent, the expenses incurred by Arkema S.A. or the relevant Group company in connection with such liabilities.

The Tax Indemnity, however, does not cover tax reassessments in connection with Arkema's Businesses (with the exception of reassessments that may affect Arkema UK, as indicated below) and is subject to the specific terms described hereafter.

Involvement of Total S.A. in the management of litigation covered by the Tax Indemnity

The Tax Indemnity provides for a procedure pursuant to which Arkema S.A. must involve Total S.A. in the management of the tax

audits or litigation relating to the tax liabilities covered by the Tax Indemnity. In particular, this procedure entails the obligation to notify Total S.A. of any event that is likely to give rise to a liability covered by the Tax Indemnity and to comply with the advice and instructions of Total S.A. in defending the interests of the relevant Group company. In the event of unresolved disagreements on the strategy, means, method or type of such defence, the final decision will be taken by Total S.A. Arkema S.A.'s failure to comply with its obligations may result in automatic termination of the Tax Indemnity.

Amount of the indemnity

The Tax Indemnity includes no deductible, trigger threshold or cap.

In the event that a liability cannot be clearly connected to the petrochemicals and specialties sector transferred by the Group to Total in relation to Arkema's Businesses, Arkema S.A. and Total S.A. will each bear 50% of the said liability.

Special provisions applying to Group companies that were included in the Total S.A. French tax group (groupe d'intégration fiscale de Total S.A.)

The tax sharing agreements (*conventions d'intégration fiscale*) between Total S.A. and the Group companies that were included in the Total S.A. French tax group provide that these companies will be required to pay to Total S.A. any additional taxes and penalties that may be due by Total S.A., as the head company of the tax group, where they relate to the taxable income of such companies during the time they were included in the tax group.

However, these companies will be exempt from such payments to Total S.A. with respect to tax liabilities relating to their taxable income for fiscal years during which they were included in the Total S.A. tax group, if such liabilities are covered by the Tax Indemnity. In exchange, these companies waive the indemnity to which they would have been entitled pursuant to the Tax Indemnity.

Furthermore, in the event of a tax reassessment of a Group company relating to Arkema's Businesses (which are not covered by the Tax Indemnity) for a fiscal year during which such company was included in the Total S.A. tax group, such company shall be liable to pay Total S.A. a contribution calculated on the basis of the net amount of the reassessment after the following allowances:

- ▶ if, following this reassessment, the Group Company has realized a profit in respect of the fiscal year to which the reassessment applies, a deductible of €3 million per company and per fiscal year;
- ▶ if, following this reassessment, the Group Company has realized a loss in respect of the fiscal year to which the reassessment applies, an allowance equal to the amount of the losses generated by such company with respect to Arkema's Businesses, as determined by Arkema S.A. and Total S.A.

Special provisions applying to certain foreign companies of the Group

No recourse shall be taken against Arkema Deutschland in respect of any tax reassessments applying to the years during which it was

included in the German tax groups formed by Total Mineralöl und Chemie and Total Deutschland.

Tax liabilities arising from the reorganization undertaken for purposes of separating Arkema's Businesses from Total's Chemicals sector in the Netherlands, which may have been incurred by Atotech B.V. and Atotech Nederland B.V. as a result of the Dutch tax group of which Arkema North Europe B.V. is the parent company are excluded from the Tax Indemnity. Any other tax liabilities arising from reassessments that may be applied to Atotech B.V. and Atotech Nederland B.V. as a result of the Dutch tax group will be assumed by these companies, which remain under Total S.A.'s control.

Arkema UK will benefit from a UK corporation tax indemnity covering any tax reassessments against it relating to Arkema's Businesses. This indemnity will be limited to the amount of losses generated by the Arkema Businesses that have been transferred by Arkema UK as result of the group relief instituted by Total Holdings UK for corporation tax purposes in the United Kingdom.

Payment of the indemnity

The liabilities covered by the Tax Indemnity will give rise to an indemnification payment only if they are definitely determined by an enforceable decision that is not subject to appeal.

Duration of the Tax Indemnity

The Tax Indemnity shall expire at the end of two months following the statute of limitations effectively applicable to the tax liabilities covered by the Tax Indemnity.

Beneficiary of the Tax Indemnity

The Tax Indemnity is only for the benefit of Arkema S.A. or, as the case may be, Arkema France, if Arkema S.A. is merged into Arkema France.

28.2.4 Other indemnities given in the context of the Spin-Off of Arkema's Businesses

As part of the Total Spin-Off Agreement, Total S.A. and Arkema S.A. made certain representations and warranties, some of them in connection with the separation of ARKEMA from Total.

The agreement states that Total S.A. grants no indemnities, other than the indemnities and agreements entered into by the Total entities that are described in this paragraph, particularly with respect to the assets and the business activities of all ARKEMA entities, or the liabilities or obligations associated with such entities or activities, which Arkema S.A. declares that it is aware of and for which Arkema S.A. shall be responsible, including in the case of the appearance of any item that is not known as of the date of the Total Spin-Off Agreement, or of an increase in the amount of the aforesaid liabilities or obligations. Arkema S.A. releases Total S.A. from any such claim, except in the case of New Claims as defined below.

Representations and warranties relating to information exchanged in preparing the Spin-off of Arkema's Businesses

Total S.A. and Arkema S.A. have made mutual representations and warranties with respect to the accuracy and completeness of the

information exchanged by the two companies in preparing the Spin-Off of Arkema's Businesses.

Representations and warranties relating to potential claims

After conducting all necessary and customary due diligence, Arkema S.A. has declared, recognized and warranted that, to its knowledge and to the knowledge of the ARKEMA entities, as of the date of the Total Spin-Off Agreement, there were no grounds for claims, actions or complaints by any ARKEMA entity or by any one of its de facto or de jure directors, corporate officers or executives against any Total entity or any one of its de facto or de jure employees, directors, corporate officers or executives (a Total Entity). The claims, actions or complaints mentioned above are hereinafter referred to as the ARKEMA Claim(s).

Consequently, Arkema S.A. has undertaken to indemnify Total S.A. and hold it harmless for the consequences of any ARKEMA Claim against any Total Entity. Arkema S.A. has waived all ARKEMA Claims other than New Claims, as defined below.

Arkema S.A.'s indemnity and the waiver mentioned in the two preceding paragraphs do not apply to any potential ARKEMA Claim that would be based on (i) events attributable to a Total Entity or (ii) grounds of which no ARKEMA entity has any knowledge as of the date of the Total Spin-Off agreement, after completing the necessary and customary due diligences, but only if and insofar as such events or grounds do not relate solely to the fact that the ARKEMA companies belonged to Total prior to 18 May 2006, or relate solely to the exercise of corporate offices or management functions by Total Entities within ARKEMA (the New Claim(s)).

At the same time, Total S.A. has declared, recognized and warranted that to its knowledge and to the knowledge of the Total entities, as of the date of the Total Spin-Off agreement, there were no grounds for claims, actions or complaints by any Total entity or by any one of its de facto or de jure directors, corporate officers or executives against any ARKEMA entity or any one of its de facto or de jure employees, directors, corporate officers or executives (the ARKEMA Entity(ies)), arising from the ownership or operation by ARKEMA entities of the companies or businesses acquired by Total before 18 May 2006 (the Total Claim(s)).

Total S.A. has declared, recognized and warranted that it had no Total Claim(s) arising from the exercise of corporate offices or functions by ARKEMA Entities within Total, and has waived all Total Claims on its part.

Consequently, Total S.A. has agreed to indemnify and hold harmless Arkema S.A. for the consequences of any Total Claim against any ARKEMA Entity.

Duration of the indemnities

No indemnity given in the Total Spin-Off agreement will survive after 10 years from 18 May 2006.

In addition, the Arkema Delaware Main SPA provides that Arkema Amériques SAS, which became a subsidiary of Arkema S.A. on 18 May 2006, will indemnify Elf Aquitaine, Inc., a subsidiary of Total S.A., for any taxes that may result from a breach of representations or

covenants under the Arkema Delaware Main SPA or the Tax Sharing Agreement dated 1 January 2001, among Total Holdings USA, Inc. and certain of its subsidiaries, by Arkema Amériques SAS, Arkema Delaware Inc., or certain of the subsidiaries of Arkema Delaware Inc. Elf Aquitaine, Inc. will likewise indemnify Arkema Amériques SAS for any taxes resulting from such breaches by Elf Aquitaine, Inc. Moreover, the Arkema Delaware Main SPA provides that Elf Aquitaine Inc. and its US subsidiaries, on the one hand, and Arkema Delaware Inc. with certain of its US subsidiaries, on the other hand, will each be responsible for their share of US federal and state income taxes before 7 March 2006, as computed under the Tax Sharing Agreement, because for this period Elf Aquitaine, Inc. files a consolidated US

federal income tax return that includes Arkema Delaware Inc. and certain of its subsidiaries and pays the taxes due in respect of the consolidated US federal income tax return. Arkema Delaware Inc. and certain of its subsidiaries will be required to pay such amounts to Elf Aquitaine, Inc. For periods after 7 March 2006, Arkema Delaware, Inc. and its US subsidiaries will be responsible to file income tax returns separately from Elf Aquitaine, Inc. and separately to make all tax payments in respect of these returns.

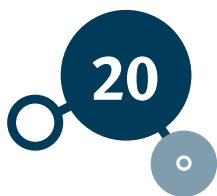
With the exception of the obligations or indemnities described in this section, Total has not given to ARKEMA other material commitments or indemnities of the kind referred to in the first paragraph of this section "Commitments received from Total in 2006".

Note 29 STATUTORY AUDITORS' FEES

| | KPMG | | | | Ernst & Young | | | |
|--|-------------------------------|------------|-------------|-------------|-------------------------------|------------|-------------|-------------|
| | Amount | | % | | Amount | | % | |
| | <i>(In millions of euros)</i> | | | | <i>(In millions of euros)</i> | | | |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Audit | | | | | | | | |
| Auditing, certification, review of individual and consolidated financial statements | 1.7 | 1.8 | | | 1.5 | 1.6 | | |
| > Issuer | 0.4 | 0.5 | | | 0.4 | 0.5 | | |
| > Fully consolidated subsidiaries | 1.3 | 1.3 | | | 1.1 | 1.1 | | |
| Other due diligence works and services directly related to the auditors' mission | - | - | | | - | 0.8 | | |
| > Issuer | - | - | | | - | - | | |
| > Fully consolidated subsidiaries | - | - | | | - | 0.8 | | |
| SUB-TOTAL | 1.7 | 1.8 | 94% | 95% | 1.5 | 2.4 | 100% | 100% |
| Other services provided by the networks to fully consolidated subsidiaries | 0.1 | 0.1 | 6% | 5% | - | - | 0% | 0% |
| TOTAL | 1.8 | 1.9 | 100% | 100% | 1.5 | 2.4 | 100% | 100% |

Note 30 SUBSEQUENT EVENTS

None.



FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL CONDITIONS AND RESULTS OF THE ISSUER

Notes to the consolidated financial statements

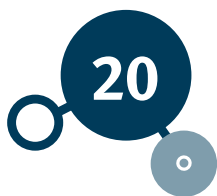
SCOPE OF CONSOLIDATION AT 31 DECEMBER 2008

| | | | |
|-----|---|-----|----------------------------------|
| (a) | Companies consolidated for the first time in 2008 | (c) | Companies merged in 2008 |
| (b) | Companies acquired in 2008 | (d) | Companies deconsolidated in 2008 |

The percentage of control indicated below also corresponds to the Group's ownership interest in each entity.

| | | | | |
|--|-----|----------------|--------|----|
| Akishima Chemical Industries Co.ltd | | Japan | 100.00 | FC |
| Alphacan BV | | Netherlands | 100.00 | FC |
| Alphacan D00 | | Croatia | 100.00 | FC |
| Alphacan Espana S.A. | | Spain | 99.92 | FC |
| Alphacan Perfiles SLU | | Spain | 99.92 | FC |
| Alphacan S.A. | | France | 100.00 | FC |
| Alphacan Soveplast | (c) | France | 100.00 | FC |
| Alphacan SPA | | Italy | 100.00 | FC |
| Altuglas International Denmark A/S | (b) | Denmark | 100.00 | FC |
| Altuglas International Services SAS | (c) | France | 100.00 | FC |
| Altuglas International SPA | | Italy | 100.00 | FC |
| Altuglas International BV | | Netherlands | 100.00 | FC |
| Altuglas International Mexico Inc | | United States | 100.00 | FC |
| Altuglas International S.A. | | France | 100.00 | FC |
| Altuglas International UK Ltd | | United Kingdom | 100.00 | FC |
| Altuglas Polivar Spa | (b) | Italy | 100.00 | FC |
| Altumax Deutschland GmbH | | Germany | 100.00 | FC |
| Altumax Europe SAS | | France | 100.00 | FC |
| American Acryl LP | | United States | 50.00 | PC |
| American Acryl NA LLC | | United States | 50.00 | PC |
| Arkema | | South Korea | 100.00 | FC |
| Arkema S.A. | | France | 100.00 | FC |
| Arkema Amériques SAS | | France | 100.00 | FC |
| Arkema Asie | | France | 100.00 | FC |
| Arkema Beijing Chemicals Co. Ltd | | China | 100.00 | FC |
| Arkema BV | | Netherlands | 100.00 | FC |
| Arkema Canada Inc | | Canada | 100.00 | FC |
| Arkema Catalyst India Ltd | | India | 100.00 | FC |
| Arkema Changshu Chemicals Co Ltd | | China | 100.00 | FC |
| Arkema Changshu Fluorochemical Co. Ltd | | China | 100.00 | FC |
| Arkema Changshu Haike Chemicals | | China | 49.00 | FC |
| Arkema China Investment Co. Ltd | | China | 100.00 | FC |
| Arkema Company Ltd | | Hong-Kong | 100.00 | FC |
| Arkema Daikin Fluorochemical Co Ltd | (a) | China | 60.00 | PC |
| Arkema Delaware Inc. | | USA | 100.00 | FC |
| Arkema Europe SAS | | France | 100.00 | FC |
| Arkema Europe Holdings BV | (c) | Netherlands | 100.00 | FC |
| Arkema Finance Nederland BV | (c) | Netherlands | 100.00 | FC |
| Arkema France | | France | 100.00 | FC |

| | | | | |
|--|-----|----------------|--------|----|
| Arkema Gas Odorants LLC | | United States | 100.00 | FC |
| Arkema GmbH | | Germany | 100.00 | FC |
| Arkema Guangzhou Chemicals Co. Ltd | | China | 100.00 | FC |
| Arkema Holding Ltd | | United Kingdom | 100.00 | FC |
| Arkema Holland Holding BV | (c) | Netherlands | 100.00 | FC |
| Arkema Inc. | | USA | 100.00 | FC |
| Arkema Iniciaidores S.A. de CV | | Mexico | 100.00 | FC |
| Arkema KK | | Japan | 100.00 | FC |
| Arkema Ltd (UK) | | United Kingdom | 100.00 | FC |
| Arkema Ltd (Vietnam) | | Vietnam | 100.00 | FC |
| Arkema North Europe BV | | Netherlands | 100.00 | FC |
| Arkema Peroxides India Private Limited | | India | 100.00 | FC |
| Arkema Pte Ltd | | Singapore | 100.00 | FC |
| Arkema Pty Ltd | (d) | Australia | 100.00 | FC |
| Arkema Quimica Ltda | | Brazil | 100.00 | FC |
| Arkema Quimica S.A. | | Spain | 99.92 | FC |
| Arkema Hydrogen Peroxide Co. Ltd, Shanghai | | China | 66.67 | FC |
| Arkema RE | | Ireland | 100.00 | FC |
| Arkema Rotterdam BV | | Netherlands | 100.00 | FC |
| Arkema Shanghai Distribution | | China | 100.00 | FC |
| Arkema sp Z.o.o | | Poland | 100.00 | FC |
| Arkema SRL | | Italy | 100.00 | FC |
| Arkema Vlissingen BV | | Netherlands | 100.00 | FC |
| Arkema Yoshitomi Ltd | | Japan | 49.00 | EM |
| Ceca Italiana SRL | | Italy | 100.00 | FC |
| Ceca S.A. | | France | 100.00 | FC |
| Changshu Resichina Engeneering Polymers Co Ltd | (a) | China | 100.00 | FC |
| Coatex SAS | | France | 100.00 | FC |
| Coatex Netherlands BV | | Netherlands | 100.00 | FC |
| Coatex Inc | | United States | 100.00 | FC |
| Coatex Korea | | South Korea | 100.00 | FC |
| Coatex CEE | | Slovakia | 100.00 | FC |
| Coatex NA | | United States | 100.00 | FC |
| Coatex Asia Pacific | | South Korea | 100.00 | FC |
| Daikin Arkema Refrigerants Asia Ltd | (a) | Hong-Kong | 40.00 | PC |
| Daikin Arkema Refrigerants Trading (Shanghai) | (a) | China | 40.00 | PC |
| Delaware Chemicals Corporation | | United States | 100.00 | FC |
| Dorlyl snc | | France | 100.00 | FC |
| Febex S.A. | | Switzerland | 96.77 | FC |
| Luperox Iniciaidores S.A. de CV | | Mexico | 100.00 | FC |
| Maquiladora General de Matamoros sa de cv | | Mexico | 100.00 | FC |
| Michelet Finance, Inc. | | United States | 100.00 | FC |
| MLPC International | | France | 100.00 | FC |
| Oxford Performance Materials Inc | | United States | 84.50 | FC |
| Oxochimie | | France | 50.00 | PC |



FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL CONDITIONS AND RESULTS OF THE ISSUER

Notes to the consolidated financial statements

| | | | |
|---|---------------|--------|----|
| Ozark Mahoning Company | United States | 100.00 | FC |
| Plasgom | Spain | 99.92 | FC |
| Plásticos Altumax S.A. | Spain | 100.00 | FC |
| Qatar Vinyl Company Limited | Qatar | 12.91 | EM |
| Résil Belgium | Belgium | 100.00 | FC |
| Resilia SRL | Italy | 100.00 | FC |
| Resinoplast | France | 100.00 | FC |
| SEKI Arkema | South Korea | 51.00 | FC |
| Shanghai Arkema Gaoyuan Chemicals Co, Ltd | China | 93.40 | FC |
| Stannica LLC | United States | 40.00 | PC |
| Sunclear | France | 100.00 | FC |
| Turkish Products, Inc. | United States | 100.00 | FC |
| Viking chemical company | United States | 100.00 | FC |
| Vinilis | Spain | 34.97 | EM |
| Vinylberre | France | 65.05 | FC |
| Vinylfos | France | 79.00 | FC |

NB: FC: Full consolidation

PC: Proportionate consolidation

EM: consolidation by the equity method.

20.4 Report from statutory auditors on Company's financial statements

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the annual financial statements. The report also includes information relating to the specific verification of information in the management report. This report, should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.

KPMG Audit

Département de KPMG S.A.
1, cours Valmy
92923 Paris-La Défense Cedex

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

ERNST & YOUNG Audit

Faubourg de l'Arche
11, allée de l'Arche
92037 Paris-La Défense Cedex

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

ARKEMA

Year ended 31 December 2008

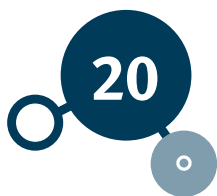
Statutory auditors' report on the annual financial statements

To the shareholders,

Following our appointment as statutory auditors by your general meetings, we hereby report to you, for the year ended 31 December 2008, on:

- ▶ the audit of the accompanying annual financial statements of Arkema S.A.;
- ▶ the justification of our assessments;
- ▶ the specific verifications and information required by French law.

These annual financial statements were approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.



FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL CONDITIONS AND RESULTS OF THE ISSUER

Report from statutory auditors on Company's financial statements

I. Opinion on the annual financial statements

We conducted our audit in accordance with the professional standards applicable in France; these standards require that we plan and perform the audit to obtain reasonable assurance as to whether the annual financial statements are free of material misstatement. An audit includes examining, on a test basis or using other selection methods, evidence supporting the amounts and disclosures in the annual financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the data which we collected was sufficient and appropriate to provide a reasonable basis for our audit opinion.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the Company at 31 December 2008 and the results of its operations for the year then ended, in accordance with the accounting rules and principles applicable in France.

II. Justification of assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- As described in note B.1 to the financial statements, the value in use of investments is assessed by reference to the share held in the investee's net assets, or by reference to an external valuation or by reference to discounted future cash flows, where these methods provide more relevant information than the share held in the investee's net assets. As part of our assessments of the accounting principles and policies used by your Company, we verified that the above accounting methods were appropriate. We also verified that note D.1 to the financial statements "Investments" provides an appropriate level of information.
- Note B.5 to the financial statements describes the valuation methods used to assess provisions for pensions and similar post-employment benefits. These obligations were measured by independent actuaries. We examined the underlying data and the assumptions used. As part of our assessments, we ascertained the reasonableness of these estimates.

The assessments were thus made in the context of the performance of our audit of the financial statements taken as a whole and therefore contributed to the formation of our audit opinion expressed in the first part of this report.

III. Specific verifications and information

We also performed the specific verifications required by law.

We have no matters to report regarding:

- the fair presentation and the conformity with the annual financial statements of the information given in the directors' report and in the documents addressed to the shareholders with respect to the financial position and the annual financial statements;
- the fair presentation of the information given in the directors' report in respect of compensations and benefits granted to the relevant directors and any other commitments made in their favour in connection with, or subsequent to, their appointment, termination or change in current office.

In accordance with French law, we ensured that the required information concerning the purchase of investments and controlling interests and the names of the principal holders of the voting rights were duly disclosed in the Directors' Report.

Paris-La Défense, 5 March 2009

The statutory auditors

French original signed by

KPMG Audit

Département de KPMG S.A.

Bertrand Desbarrières

Partner

Jean-Louis Caulier

Partner

ERNST & YOUNG Audit

François Carrega

Partner

Isabelle Triquéra-Lamazière

Partner

20.5 Company's financial statements at 31 December 2008

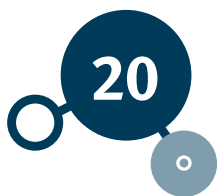
BALANCE SHEET

ASSETS

| (In millions of euros) | 31.12.2008 | | | 31.12.2007 |
|------------------------------------|--------------|--------------------------------|--------------|--------------|
| | Gross | Depreciation and impairment | Net | Net |
| Investments, net | 2,691 | 1,183 | 1,508 | 1,628 |
| Other financial fixed assets | | | | |
| TOTAL FIXED ASSETS | 2,691 | 1,183 | 1,508 | 1,628 |
| Trade receivables | 10 | | 10 | 2 |
| Other receivables | 63 | | 63 | 28 |
| Treasury shares | 1 | | 1 | - |
| Subsidiary current accounts | 349 | | 349 | 183 |
| Cash and cash equivalents | - | | - | - |
| TOTAL CURRENT ASSETS | 423 | | 423 | 213 |
| Prepaid expenses | | | | |
| Unrealized foreign exchange losses | | | | - |
| TOTAL ASSETS | 3,114 | 1,183 | 1,931 | 1,841 |

LIABILITIES AND SHAREHOLDERS' EQUITY

| (In millions of euros) | 31.12.2008 | 31.12.2007 |
|---|--------------|--------------|
| Share capital | 605 | 605 |
| Paid-in surplus | 999 | 1,006 |
| Legal reserve | 61 | 61 |
| Retained earnings | 94 | 18 |
| Net income for the year | 94 | 121 |
| TOTAL SHAREHOLDERS' EQUITY | 1,853 | 1,811 |
| PROVISIONS | 11 | 7 |
| Debt | | |
| Trade payables | 12 | 11 |
| Tax and employee-related liabilities | 5 | 4 |
| Other payables | 52 | 8 |
| TOTAL CURRENT LIABILITIES | 68 | 23 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 1,931 | 1,841 |



FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL CONDITIONS AND RESULTS OF THE ISSUER

Company's financial statements at 31 December 2008

INCOME STATEMENT

| <i>(In millions of euros)</i> | 2008 | 2007 |
|--|-------------|-------------|
| Services billed to related companies | 7 | 6 |
| Other purchases and external expenses | (12) | (12) |
| Taxes other than income taxes | | |
| Personnel expenses | (7) | (5) |
| Other operating expenses | | |
| (Allowances) and reversals of provisions | (2) | (2) |
| Operating income | (14) | (14) |
| Dividends from investments | 125 | 181 |
| Interest income | 8 | 4 |
| Interest expenses | | |
| Net foreign exchange gains (losses) | | |
| Impairment of investments | (71) | (70) |
| Financial result | 62 | 115 |
| Income before tax and exceptional items | 48 | 102 |
| (Allowances) and reversals of exceptional provisions | (2) | - |
| Income and (expenses) on capital transactions | 17 | - |
| Exceptional items | 15 | - |
| Income taxes | 30 | 19 |
| NET INCOME | 94 | 121 |

CASH FLOW STATEMENT

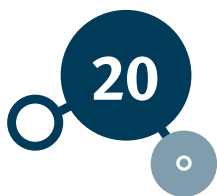
| <i>(In millions of euros)</i> | 2008 | 2007 |
|---|-------------|-------------|
| Net income | 94 | 121 |
| Changes in provisions | 4 | 2 |
| Changes in impairment | 71 | 70 |
| (Gains)/losses on sales of assets | (17) | - |
| Gross operating cash flow | 152 | 193 |
| Change in working capital | - | (15) |
| Cash flow from operating activities | 152 | 178 |
| Cost of acquisition of investments | (14) | (27) |
| Sale of investments | 80 | - |
| Cash flow from investment activities | 66 | (27) |
| Increases in loans | | |
| Change in share capital and other equity | (6) | |
| Distribution of dividends to shareholders | (46) | |
| Cash flow from financing activities | (52) | |
| CHANGE IN NET DEBT | 166 | 152 |
| Net cash at beginning of period * | 183 | 31 |
| Net cash at end of period * | 349 | 183 |

* Including subsidiary current accounts.

TABLE OF SUBSIDIARIES AND INVESTMENTS AT 31/12/2008

DETAILED INFORMATION ON SUBSIDIARIES AND INVESTMENTS

| Subsidiaries and investments | Share capital (in M. foreign currency) | Shareholders' equity other than capital (in M. foreign currency) | Gross value of shares owned in € millions | Net carrying amount of shares owned in € millions | Number of shares owned | Ownership interest (in %) | Loans, advances & current accounts - Gross Value in € millions | Guarantees given by the company in € millions | Net sales of last financial year (in M. foreign currency) | Net income (loss) (in M. foreign currency) | Dividends received by the company in € millions | |
|------------------------------|--|--|---|---|------------------------|---------------------------|--|---|---|--|---|------------|
| French subsidiaries | | | | | | | | | | | | |
| Arkema France | EUR | 69 | 174 | 1,418 | 235 | 538,979,108 | 99.99 | 349 | 1,100 | 3,317 | (8) | - |
| Arkema Amériques SAS | EUR | 1,049 | 550 | 1,044 | 1,044 | 104,354,000 | 99.46 | - | - | - | 35 | 113 |
| Arkema Europe S.A. | EUR | 1,150 | 5 | 188 | 188 | 12,370,925 | 16.35 | - | - | - | 26 | 12 |
| Arkema Asie SAS | EUR | 90 | 25 | 41 | 41 | 22,770 | 45.81 | - | - | - | 10 | - |
| TOTAL INVESTMENTS | | | 2,691 | 1,508 | | | | 349 | 1,100 | 3,317 | 63 | 125 |



20.6 Notes to the Company's financial statements at 31 December 2008

A. HIGHLIGHTS

1) Changes in shareholders' equity

- ▶ Main operations on the Company's share capital:
 - ▶ capital increase reserved to employees: subscription of 618,462 shares at a price of €30.42 each, representing an increase of €6.2 million in share capital and an increase of €11.3 million in issue premiums (net of the costs associated with the capital increase and the appropriation to the legal reserve);
 - ▶ capital increase of €1.4 million, by incorporating reserves into share capital, in order to grant the free shares which vested under the 2006 free share plan;
 - ▶ capital decrease by cancellation of 759,567 treasury shares, being a reduction of €7.6 million in share capital.
- ▶ Payment of first dividend:
 - ▶ The shareholders general meeting of 20 May 2008 adopted a resolution proposing to distribute a dividend of €0.75 per share, being a total amount of €46 million, in respect of the 2007 financial year.

2) Changes in investments

- ▶ Arkema S.A. subscribed €14 million to the capital increase of Arkema Asie.
- ▶ Arkema S.A. sold its entire shareholdings in two of its subsidiaries, Arkema Finance Nederland BV and Arkema Europe holding BV, to Arkema North Europe BV. These movements represented the final stage in the process of restructuring the Arkema Group's investment portfolio, which has been underway since 2006. The investment in Arkema Finance Nederland BV was sold for its net carrying amount and thus did not generate any gain or loss. The sale of the Arkema holding BV investment generated a capital gain of €17 million.

B. ACCOUNTING POLICIES

The annual financial statements of Arkema S.A. were prepared under the responsibility of the Chairman and CEO of Arkema S.A. and were approved by the Board of Directors on 4 March 2009.

The financial statements of Arkema S.A. have been prepared in accordance with French laws and regulations. It is specified that the presentation of the balance sheet and the income statement have been adapted to the holding company activity exercised by the company.

The usual French accounting conventions have been applied, in compliance with the prudence principle, in accordance with the following basic assumptions:

- ▶ going concern;
- ▶ consistency of accounting policies from one financial year to the next; and
- ▶ accruals basis of accounting and cut-off.

The basic method used to value items recorded in the accounting records is the historical cost method.

The main accounting policies used by the Company are presented below.

1) Investments

Investments are stated at the lower of acquisition cost and value in use. Investment acquisition expenses are recognized in the income statement as incurred.

Value in use is assessed by reference to the share held in the investee's net assets. However, value in use may be assessed by reference to an external valuation or by reference to discounted future cash flows where these methods provide more relevant information than the share held in the investee's net assets.

2) Costs of capital increases

In accordance with opinion 2000-D of the urgent issues committee of the French National Accounting Board (*Conseil National de la Comptabilité*), issued on 21 December 2000, the company opted to

recognize the costs of capital increases as a deduction from issue premiums.

3) Treasury shares

Treasury shares owned by Arkema are recognized at acquisition cost in current assets. They are valued in accordance with the FIFO (first-in first-out) method. Treasury shares are normally written down, if necessary, on the basis of their value at the balance sheet date. By exception, and in accordance with opinion n°2008-17 of the French National Accounting Board (*Conseil National de la Comptabilité*), issued on 6 November 2008, these shares are not written down on the basis of their market value where they have been allocated to a plan, because of the commitment to make grants to employees and the provision recognized in this respect in liabilities.

Treasury shares initially allocated to cover grants to employees are reclassified into financial fixed assets into a "Treasury shares for cancellation" sub-account when a decision is taken to cancel the shares. They are then recorded at their net carrying amount at the date on which their allocation is changed.

4) Stock options and free share grants

4.1 Stock options

Stock options are accounted for, at the date of exercise, as a capital increase for an amount corresponding to the subscription price paid by the stock option holders. The difference between the subscription price and the nominal value of the shares created, if any, represents issue premiums.

4.2 Free share grants

Arkema shares will be definitively granted to beneficiaries at the end of a two-year vesting period subject to meeting the presence and, if applicable, performance conditions set by the Board of Directors.

4.2.1 Issue of new shares

Where the free share grant is carried out by issuing new shares, the capital increase by means of a transfer from reserves of the nominal amount of the shares created is recognized in the financial statements at the end of the vesting period.

4.2.2 Buybacks of existing shares

Where the free share grant is carried out through buybacks of existing shares (following a decision taken by the Board of Directors in relation to the plan in question), a provision representing the obligation to deliver the shares is recognized at year end for (i) the probable purchase price, valued on the basis of the closing share price, if the shares have not yet been purchased or (ii) the net carrying amount of the treasury shares if they have already been purchased. On delivery at the end of the vesting period, the purchase price paid by the company for the shares granted is recognized in expenses and the provision previously recorded is reversed.

The provision is recognized on a time-proportion basis over the vesting period and takes into account, as applicable, the probability of meeting the presence and performance conditions set by the Board of Directors.

4.3 Social security contribution of 10%

The 2008 French social security financing act (law 2007-1786 of 19 December 2007) created a new employer contribution on stock options and free share grants. This contribution is payable to the mandatory health insurance schemes to which the beneficiaries are affiliated and is paid in the month following the decision to grant stock options or free shares.

As regards stock options, the contribution is calculated, at the company's choice, either on the basis of (i) the fair value of the options as estimated in the consolidated financial statements or (ii) 25% of the value of the shares to which these options relate at the date of the Board of Directors meeting which decided to make the grant.

As regards free share grants, the contribution is calculated, at the company's choice, either on the basis of (i) the fair value of the shares as estimated in the consolidated financial statements or (ii) the value of the shares at the date of the Board of Directors meeting which decided to make the grant.

The choice of the basis to be used is made for the entire financial year and is specified hereafter (see note 10 in section D Notes to the parent company financial statements).

5) Provisions for pensions and similar benefits

Arkema S.A. has granted top-up pension plans and other non-pension benefits (lump sum payments on retirement, long service awards, death and disability benefits, contributions to healthcare bodies) to certain employees.

Provisions are recognized in respect of these obligations in the financial statements.

The amount of the provision corresponds to the present value of employee's vested rights at the balance sheet date.

The valuation of obligations, under the projected unit credit method, principally takes into account:

- an assumption concerning the date of retirement;
- a discount rate which depends on the duration of the obligations;
- an inflation rate;
- assumptions in respect of future increases in salaries, rates of employee turnover and increases in health costs.

Actuarial gains and losses are fully recognized in the income statement

6) Tax consolidation

The tax consolidation agreements signed between Arkema S.A. and the other companies in the tax consolidation group refer to a neutrality principle in accordance with which each consolidated subsidiary must recognize in its own financial statements, during the entire period of its consolidation within the ARKEMA tax consolidation group, a corporate income tax expense (or income), additional levies and minimum corporate tax (IFA) identical to that which it would have recognized had it not formed part of the tax consolidation group.

In its accounting records, Arkema S.A. recognizes:

- in "other receivables", with an offsetting entry to income taxes, the amount of income taxes owed by profitable companies in the tax consolidation group;
- in "other payables", with an offsetting entry to income taxes, the amount of taxes due by the tax consolidation group.

In addition, in accordance with opinion 2005-G of the urgent issues committee of the French National Accounting Board (CNC), Arkema S.A. recognizes, as necessary, a provision to cover the parent company's obligation to return the tax savings resulting from the use of its subsidiaries' tax losses to such subsidiaries as soon as they become profitable again.

C. SUBSEQUENT EVENTS

None

D. NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The figures presented in the notes to the parent company financial statements are expressed in millions of euros (unless otherwise indicated).

1) Investments

| <i>(In millions of euros)</i> | 31/12/2007 | Increase | Decrease | 31/12/2008 |
|--|--------------|-------------|--------------|--------------|
| Gross value | 2,809 | 14 | (133) | 2,690 |
| Provision for impairment | (1,181) | (71) | 70 | (1,182) |
| NET VALUE | 1,628 | (57) | (63) | 1,508 |
| The changes in the "Investments" caption result from: | | | | |
| <i>the capital increase of Arkema Asie</i> | | | 14 | |
| <i>the sale of the Arkema Finance Nederland BV investment</i> | | | (98) | |
| <i>the sale of the Arkema Europe holding BV investment</i> | | | (35) | |
| <i>an increase in the provision for impairment of the investment in Arkema France</i> | | | (71) | |
| <i>a reversal in the provision for impairment of the investment in Arkema Finance Nederland BV</i> | | | 70 | |
| TOTAL | | | (120) | |

Up until 31 December 2007, the company considered that the most appropriate way to assess the value in use of its investment in Arkema France was on the basis of the recent external valuation performed at the time of the spin-off, during 2006. At 31 December 2008, as this external valuation has not been updated and in the light

of Arkema France's results, the company considered that it would be more prudent to assess the investment's value in use on the basis of the share of subsidiary's net assets. This decision led to recognition of additional impairment of €71 million.

2) Current assets

2.1 Receivables

The breakdown of the company's receivables at 31 December 2008 by maturity is as follows:

| <i>In millions of euros</i> | Gross amount | Of which less than 1 year | Of which more than 1 year |
|-------------------------------|--------------|---------------------------|---------------------------|
| Operating receivables | 10 | 10 | - |
| Cash advances to subsidiaries | 349 | 349 | - |
| Other receivables | 63 | 63 | - |
| TOTAL | 422 | 422 | |

2.2 Treasury shares

At 31 December 2008, Arkema owns 39,707 treasury shares which are recorded at their acquisition cost of €0.9 million.

These shares are allocated to cover the May 2007 free share grant plan (see section 10).

No impairment has thus been recognized in the financial statements.

3) Shareholders' equity

At 31 December 2008, the share capital is composed of 60,454,973 shares with a nominal value of 10 euros.

Changes in shareholders' equity are as follows:

| <i>(In millions of euros)</i> | Opening balance at 31/12/2007 | Appropriation of 2007 net income | Capital increase on 30/04/08 ⁽¹⁾ | Capital increase on 4/07/08 ⁽²⁾ | Capital increase on 12/11/08 ⁽³⁾ | Capital decrease on 12/11/08 ⁽⁴⁾ | Other | 31/12/2008 before appropriation |
|-----------------------------------|-------------------------------|----------------------------------|---|--|---|---|-----------|---------------------------------|
| Share capital | 605 | | 6 | 1 | 0 | (7) | | 605 |
| Issue premium | - | | 11 | | 0 | (11) | | - |
| Paid-in surplus | 881 | | | (2) | | (5) | | 874 |
| Merger surplus | 125 | | | | | | | 125 |
| Legal reserve | 61 | | 0 | 0 | | | | 61 |
| Other reserves | - | | | | | | | - |
| Retained earnings | 18 | 76 * | | | | | | 94 |
| Net income for 2007 | 121 | (121) | | | | | | - |
| Net income for 2008 | - | | | | | | 94 | 94 |
| TOTAL SHAREHOLDERS' EQUITY | 1,811 | (45) | 17 | (1) | 0 | (23) | 94 | 1,853 |

* Includes the distribution of a dividend of €46 million to shareholders.

(1) Capital increase reserved for employees.

(2) Capital increase following the definitive grant of free shares under the 2006 plan.

(3) Capital increase resulting from the exercise of stock options during the period from 5 July to 31 October 2008.

(4) Capital decrease by cancellation of treasury shares.

At 1 January 2008, the share capital amounted to €604.5 million and was composed of 60,453,823 shares with a nominal value of 10 euros.

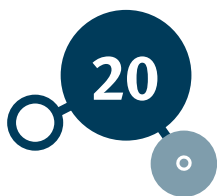
On 30 April 2008, the Group carried out a capital increase reserved to Group employees: 618,462 shares were subscribed at a price of €30.42 per share, with the price being set by the Board of Directors in its meeting of 4 March 2008; being an increase in share capital of €6.2 million, and increase in issue premiums of €11.3 million and an increase in the legal reserve of €0.4 million.

During 2008, the company firstly carried out a capital increase of €1.4 million by incorporating reserves into share capital following

the free share grant and, secondly, carried out a capital decrease of €7.6 million by cancelling a portion of the treasury shares purchased in the context of the share buyback program.

Following the completion of these transactions, Arkema S.A.'s share capital amounts to €604.5 million and is composed of 60,454,973 shares.

The shareholders general meeting of 20 May 2008 adopted a resolution proposing to distribute a dividend of €0.75 per share, being a total amount of €46 million, in respect of the 2007 financial year.



FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL CONDITIONS AND RESULTS OF THE ISSUER

Notes to the Company's financial statements at 31 December 2008

4) Provisions

Changes in provisions recognized in the Company's balance sheet are set out in the table below:

| (In millions of euros) | 31/12/2007 | Increase | Decrease | 31/12/2008 |
|---|------------|--------------------|------------|-------------|
| Provisions for pensions and similar benefits | 7.2 | 2.2 ⁽¹⁾ | 0.2 | 9.2 |
| Provisions for long service awards | 0.3 | 0.1 | 0 | 0.4 |
| Provision for free share grant under the 2007 plan ⁽²⁾ | - | 1.2 | - | 1.2 |
| Provision for free share grant under the 2008 plan ⁽²⁾ | - | 0.4 | - | 0.4 |
| TOTAL | 7.5 | 3.9 | 0.2 | 11.2 |

(1) Of which actuarial gains and losses of €1.4 million in 2008 (See "Accounting policies").

(2) Increase recognized in exceptional items.

5) Current liabilities

The breakdown of the company's payables at 31 December 2008 by maturity is as follows:

| (In millions of euros) | Gross amount | Of which less than 1 year | Of which 1 to 5 years | Of which more than 5 years |
|--------------------------------------|--------------|---------------------------|-----------------------|----------------------------|
| Debt | 0 | 0 | - | - |
| Trade payables | 12 | 12 | - | - |
| Tax and employee-related liabilities | 4 | 4 | - | - |
| Other payables | 52 | 52 * | - | - |
| TOTAL | 68 | 68 | - | - |

* Including €19 million of payables corresponding to payments on account for 2008 income taxes made by companies in the tax consolidation group.

6) Related parties

Details of transactions and balances with related parties are set out below:

| (In millions of euros) | |
|--|-------|
| Financial fixed assets | |
| Investments | 1,496 |
| Receivables | |
| Trade receivables | 8 |
| Other receivables (incl. current accounts) | 349 |
| Other receivables | 63 |
| Payables | |
| Trade payables | 10 |
| Other payables | 52 |
| Net sales | |
| Billing of management fees to subsidiaries | 7 |
| Financial expenses | |
| Interest and financial expenses | - |
| Financial income | |
| Income from investments | 125 |
| Interest income | 8 |

7) Financial result

On 17 July 2008, Arkema received dividends from:

- Arkema Amériques SAS in an amount of €8 million;
- Arkema Europe S.A. in an amount of €12 million.

On 18 December 2008, Arkema received an interim dividend from Arkema Amériques SAS in an amount of €104 million.

Interest income corresponds to the remuneration of the amounts made available to Arkema France S.A. in the context of the Group's cash pooling system.

8) Income taxes

In 2008, application of the tax consolidation regime resulted in tax income (negative expense) for Arkema S.A. of €30 million. This amount corresponds to the income taxes of the profitable companies.

If there had been no tax consolidation, Arkema S.A would not have borne any tax expense in respect of 2008 because of its tax loss position.

9) Deferred tax position

INCREASES AND REDUCTIONS IN FUTURE TAX LIABILITIES AT 31 DECEMBER 2008

(In millions of euros)

Temporarily non-deductible expenses

| | |
|---|---|
| Provisions for pensions and death and disability benefits | 2 |
| Other expenses | - |

The tax loss of Arkema as a stand-alone company at 31 December 2008 amounted to €3.7 million, being a reduction of €2.5 million compared with 31 December 2007.

The standard rate tax loss carry forwards of the tax consolidation group at 31 December 2008 amount to €374 million.

10) Free share grant plans and stock option plans

Stock options

The Board of Directors granted ARKEMA stock options to management and certain Group employees.

The main characteristics of the stock option plans are as follows:

| | 2006 Plan | 2007 Plan | 2008 Plan | Total |
|---|----------------|----------------|----------------|------------------|
| Date of Annual General Meeting | 10 May 2006 | 10 May 2006 | 10 May 2006 | |
| Date of Board of Directors meeting | 4 July 2006 | 14 May 2007 | 13 May 2008 | |
| Vesting period | 2 years | 2 years | 2 years | |
| Minimum period until sale | 4 years | 4 years | 4 years | |
| Period of validity | 8 years | 8 years | 8 years | |
| Exercise price | 28.36 | 44.63 | 36.21 | |
| Number of options | | | | |
| In circulation at 1 January 2007 | 540,000 | - | - | 540,000 |
| Granted | - | 600,000 | - | 600,000 |
| Cancelled | 4,000 | - | - | 4,000 |
| Exercised | - | - | - | - |
| In circulation at 31 December 2007 | 536,000 | 600,000 | - | 1,136,000 |
| In circulation at 1 January 2008 | 536,000 | 600,000 | - | 1,136,000 |
| Granted | - | - | 460,000 | 460,000 |
| Cancelled | - | 7,800 | - | 7,800 |
| Exercised | 1,150 | - | - | 1,150 |
| In circulation at 31 December 2008 | 534,850 | 592,200 | 460,000 | 1,587,050 |

Free share grant

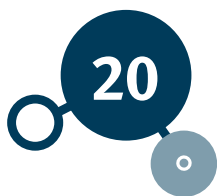
On 13 May 2008, the Board of Directors validated two free share grant plans on the basis of a proposal from the nominating and compensation committee.

Plan 1 relates to management and certain Group employees, particularly those with responsibilities whose exercise influences the results of the Group. Under this plan, the free grant is definitive after a vesting period of 2 years commencing on the date of the Board of Directors meeting which made the grant, subject to compliance with a condition concerning presence in the Group and a performance condition relating to growth in the Group's profitability.

Plan 2 relates to:

- ▶ group employees whose performance is outstanding and whose loyalty the Group wishes to secure;
- ▶ employees of subsidiaries located in countries where it was not possible to propose subscription to the capital increase.

Under this plan, the free grant is definitive after a vesting period of 2 years commencing on the date of the Board of Directors meeting which made the grant, subject only to compliance with a condition concerning presence in the Group.



FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL CONDITIONS AND RESULTS OF THE ISSUER

Notes to the Company's financial statements at 31 December 2008

The main characteristics of the free share grant plans in force are as follows:

| | 2006 Plan | 2007 Plan | 2008 Plan -1 | 2008 Plan -2 | Total |
|---|----------------|----------------|----------------|---------------|----------------|
| Date of Annual General Meeting | 10 May 2006 | 10 May 2006 | 10 May 2006 | 10 May 2006 | |
| Date of Board of Directors meeting | 4 July 2006 | 14 May 2007 | 13 May 2008 | 13 May 2008 | |
| Vesting period | 2 years | 2 years | 2 years | 2 years | |
| Conservation period | 2 years | 2 years | 2 years | 2 years | |
| Performance condition | Yes | Yes | Yes | No | |
| Number of free shares | | | | | |
| In circulation at 1 January 2007 | 150,000 | - | - | - | 150,000 |
| Granted | - | 125,000 | - | - | 125,000 |
| Cancelled | 6,685 | - | - | - | 6,685 |
| Definitively granted | - | - | - | - | - |
| In circulation at 31 December 2007 | 143,315 | 125,000 | - | - | 268,315 |
| In circulation at 1 January 2008 | 143,315 | 125,000 | - | - | 268,315 |
| Granted | - | - | 135,556 | 44,444 | 180,000 |
| Cancelled | 2,210 | 995 | - | - | 3,205 |
| Definitively granted | 141,105 | - | - | - | 141,105 |
| In circulation at 31 December 2008 | 0 | 124,005 | 135,556 | 44,444 | 304,005 |

The 2006 plan was covered by the capital increase of 4 July 2008. The 2007 and 2008 plans will however be covered by the grant of existing shares (of which 39,707 are owned by the Company at 31 December 2008).

Expense in the financial year in respect of the 2007 and 2008 plans

The expense recognized in 2008 amounted to €1.2 million in respect of the 2007 plan and €0.4 million in respect of the 2008 plan.

10% social security contribution

This contribution applies to the stock option plans and the free share grant plans decided upon by Arkema's Board of Directors' meeting of 13 May 2008. The company has calculated the contribution for 2008 in the following manner:

- for stock options, the calculation basis retained is equal to 25% of the value of the share at the date of the grant, being €9.56, multiplied by the number of options granted;
- for free share grants, the calculation basis retained is equal to the fair value of €36.76, multiplied by the number of rights granted, and adjusted for an estimate of employee turnover.

An amount of €0.4 million has been paid and expensed in this respect in 2008.

11) Off-balance sheet commitments

The information set out below concerns Arkema S.A. or certain of its subsidiaries, and is disclosed on account of Arkema S.A.'s holding company status.

11.1 Commitments given

Arkema S.A. and Arkema France have signed a multi-currency syndicated credit facility in a maximum amount of €1,100 million up to 31 March 2011, €1,094 million up to 31 March 2012 and €1,049 million up to 31 March 2013. Arkema S.A. has provided the banks with joint guarantees of the obligations of the other borrowers (Arkema France) in respect of this credit facility.

At 31 December 2008, an amount of €410 million was used under this credit facility (€405 million in 2007) and was wholly drawn by Arkema France S.A.

11.2 Commitments received

Commitments received from TOTAL in 2006

In connection with the Spin-Off of Arkema's Businesses, Total S.A. and certain Total companies have extended certain indemnities, or have assumed certain obligations, for the benefit of ARKEMA, relating to (i) certain antitrust litigation, (ii) certain tax matters, and (iii) the Spin-Off of Arkema's Businesses. These indemnities and obligations are described below.

11.2.1 The Indemnities extended by Total in respect of certain antitrust litigation

In order to cover potential risks in connection with antitrust litigation relating to anti-competitive agreements in Europe and the United States of America and arising from facts prior to 18 May 2006 (or prior to 7 March 2006, as the case may be), Total S.A. has extended to Arkema S.A. the indemnities, the principal terms of which can be described as follows:

Subject-matter of the Indemnities

By an agreement dated 15 March 2006 (the **Arkema European Indemnity**), Total S.A. agreed to indemnify Arkema S.A. for 90% of (i) any payment due by Arkema S.A. or any of its subsidiaries (with the exception of Arkema Amériques SAS and its subsidiaries) pursuant to a money judgment imposed by EU antitrust authorities, or by national antitrust authorities of a Member State of the European Union, for violations of antitrust laws relating to anticompetitive agreements, (ii) any damages payable by Arkema S.A. or any of its subsidiaries (with the exception of Arkema Amériques SAS and its subsidiaries) pursuant to civil proceedings arising from the same facts which form the basis of a judgment referred to in (i), and (iii) certain expenses incurred in connection with such proceedings by Arkema S.A. or any of its subsidiaries (with the exception of Arkema Amériques SAS and its subsidiaries).

By an agreement dated 15 March 2006 (the **Arkema U.S. Indemnity**), Total S.A. also agreed to indemnify Arkema S.A. for 90% of (i) any payment due by Arkema S.A. or any of its subsidiaries (with the exception of Arkema Amériques SAS and its subsidiaries) pursuant to a money judgment imposed by U.S. courts or antitrust authorities for violations of U.S. federal or state antitrust laws relating to anticompetitive agreements, or in respect of a settlement entered into in the context of such proceedings, (ii) any damages payable by Arkema S.A. or any of its subsidiaries (with the exception of Arkema Amériques SAS and its subsidiaries) pursuant to civil proceedings arising from the same facts which form the basis of a judgment referred to in (i), and (iii) certain expenses incurred in connection with such proceedings by Arkema S.A. or any of its subsidiaries (with the exception of Arkema Amériques SAS and its subsidiaries).

In connection with the sale of Arkema Delaware, Inc. shares by Elf Aquitaine, Inc. to Arkema Amériques SAS, Elf Aquitaine, Inc. agreed, in the agreement dated 7 March 2006 (the **Arkema Delaware Indemnity**), to indemnify Arkema Amériques SAS for 90% of (i) any payment due by Arkema Amériques SAS or any of its subsidiaries pursuant to a money judgment imposed by U.S. courts or antitrust authorities for violations occurring prior to 7 March 2006 of U.S. federal or state antitrust laws relating to anticompetitive agreements, or in respect of the settlement entered into in the context of such proceedings, (ii) any damages payable by Arkema Amériques SAS or any of its subsidiaries pursuant to civil proceedings arising from the same facts which form the basis of a judgment referred to in (i), and (iii) certain expenses incurred by Arkema Amériques SAS or any of its subsidiaries in connection with such proceedings.

Arkema Amériques SAS has benefited from an indemnification of US\$16 million under the Arkema Delaware Indemnity. At 31 December 2008, the residual amount covered by this indemnity amounts to US\$876 million.

Finally, Total S.A. extended to Arkema S.A. a supplemental indemnity dated 15 March 2006 (the **Supplemental Arkema Delaware Indemnity**) covering 90% of sums payable by Arkema Amériques SAS or any of its subsidiaries in respect of litigation relating to anticompetitive agreements in the United States in excess of the maximum amount covered by the Arkema Delaware Indemnity.

The Arkema European Indemnity, the Arkema U.S. Indemnity, the Arkema Delaware Indemnity and the Supplemental Arkema Delaware Indemnity are hereinafter referred to together as the **Indemnities** and individually as an **Indemnity**.

Liabilities not covered by the Indemnities

The following liabilities are not covered by the Indemnities:

- ▶ liabilities arising from facts occurring after 18 May 2006 in the case of the Arkema European Indemnity and the Arkema U.S. Indemnity, or after 7 March 2006 in the case of the Arkema Delaware Indemnity and the Supplemental Arkema Delaware Indemnity (including, in case of liabilities arising from facts occurring both before and after the relevant date, the portion of the liability relating to the period after 18 May 2006 or after 7 March 2006, as the case may be);
- ▶ liabilities arising from violations of antitrust laws other than those prohibiting anticompetitive agreements; and
- ▶ liabilities imposed by authorities outside the European Union (in the case of the Arkema European Indemnity) or the United States (in the case of the other Indemnities).

Participation of Total in the management of litigation covered by the Indemnities

The Indemnities provide for the participation by Total S.A. or Elf Aquitaine, Inc., as the case may be, in the management of litigation covered by the Indemnities, which involves a certain number of obligations on the part of Arkema S.A. and Arkema Amériques SAS, in particular the obligation to notify Total S.A. or Elf Aquitaine, Inc., as the case may be, of certain events occurring in the context of proceedings covered by the Indemnities and act in accordance with the advice and instructions of Total S.A. or Elf Aquitaine, Inc., as the case may be, relating to such proceedings. Total S.A. and Elf Aquitaine, Inc., as the case may be, also have the right to assume sole control of the defence of the Group entity in question. Failure by Arkema S.A. or Arkema Amériques SAS to comply with these obligations can result, in certain circumstances, in the automatic termination of the Indemnity, as described below.

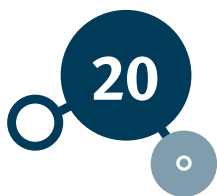
Amount of the indemnification

The Arkema European Indemnity, whose deductible of €176.5 million has been exceeded, gave rise to indemnification of €212 million being received from Total S.A. (paid directly to Arkema France S.A., the indemnities granted by Total also benefit the subsidiaries). The Arkema U.S. Indemnity, the Arkema Delaware Indemnity and the Supplemental Arkema Delaware Indemnity do not have a deductible.

Cross-indemnity of Arkema S.A.

Arkema S.A. has agreed to indemnify Total S.A. in respect of any liability covered by the Indemnities but which is borne, not by a Group entity but by Total S.A. or one of its subsidiaries due to facts attributable to a Group company, whether the liability of Total S.A. or of its subsidiaries is determined to be direct or derivative, exclusive or joint and several, relative to the liability of the Group entity to which the facts are attributable.

However, this cross-indemnity by Arkema S.A. will be reduced by the indemnity which would have been paid by Total S.A. under the



FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL CONDITIONS AND RESULTS OF THE ISSUER

Notes to the Company's financial statements at 31 December 2008

relevant Indemnity if the liability had been borne by a Group company. Consequently, if the cross-indemnity of Arkema S.A. is triggered, Arkema S.A. would only be obligated to indemnify Total S.A. for 10% of the liabilities borne by Total S.A. or one of its subsidiaries (in the case of the Arkema European Indemnity, this 10% relates to the amount, if any, that exceed the deductible).

Term of the indemnities

The Arkema European Indemnity and the Arkema U.S. Indemnity are valid for a term of 10 years from 18 May 2006. The Arkema Delaware Indemnity and the Supplemental Arkema Delaware Indemnity are valid for a term of 10 years from 7 March 2006.

The Arkema S.A. cross-indemnity is valid for a term of 10 years from 18 May 2006.

Termination of the Indemnities

Indemnities shall terminate in the event that a natural person or legal entity, acting alone or in concert with others, acquires, directly or indirectly, more than one third of the voting rights of Arkema S.A. (voting rights are subject to a ceiling of 10% – and 20% in the case of double voting rights – unless a purchaser acquires at least two thirds of the Total number of Arkema S.A. shares in a public transaction targeting all Arkema S.A. shares) or if the Group transfers, directly or indirectly, in one or several times, to the same third party or to several third parties acting in concert, assets representing more than 50% of the Group's "enterprise value" (as defined in the Indemnities) at the time of the relevant transfer.

The Arkema European Indemnity and the Arkema U.S. Indemnity will terminate if Arkema S.A. loses control of Arkema France S.A.

The Arkema Delaware Indemnity and the Supplemental Arkema Delaware Indemnity will terminate if Arkema S.A. loses control of Arkema Amériques SAS, or if Arkema Amériques SAS loses control of Arkema Delaware Inc.

Finally, the Indemnities will terminate in the event of a material breach by the Group of its obligations under the relevant Indemnity if such breach has remained uncured for 30 days after notice by the indemnifying party demanding its cure.

The Indemnities provide that, upon the occurrence of a termination event, the only liabilities of Group companies that will remain covered by the Indemnities are those, if any, which (i) fell due prior to the termination event and (ii) were notified to Total S.A. or to Elf Aquitaine, Inc., as the case may be, prior to the termination event.

11.2.2 Tax indemnity granted by Total S.A

In order to cover potential tax risks related to the business activities transferred by the Group to Total or from the reorganization in connection with the Spin-Off of Arkema's Businesses, Total S.A. has granted an indemnity to Arkema S.A., the main terms of which can be described as follows.

Purpose of the tax indemnity

Under the terms of an agreement dated 15 March 2006 (the Tax Indemnity), Total S.A. has undertaken to indemnify Arkema S.A. for (i) liabilities arising from any tax, customs or levies not covered by

provisions, for which the Group would remain liable, when such liabilities arise from (x) activities in the petrochemicals and specialties sectors that were transferred by the Group to Total and the triggering event of which occurred prior to the date of such transfer; or (y) the reorganization undertaken for the purpose of spinning off Arkema's Businesses from Total's Chemicals sector, including, in particular, the Elf Spin-Off, the Total Spin-Off, the Merger and certain prior securities reclassification transactions; (ii) interest, fines, penalties, additional charges or other costs related thereto; and (iii) provided that Total S.A. has given its prior consent, the expenses incurred by Arkema S.A. or the relevant Group company in connection with such liabilities.

The Tax Indemnity, however, does not cover tax reassessments in connection with Arkema's Businesses and is subject to the terms described hereafter.

Involvement of Total S.A. in the management of litigation covered by the Tax Indemnity

The Tax Indemnity provides for a procedure pursuant to which Arkema S.A. must involve Total S.A. in the management of the tax audits or litigation relating to the tax liabilities covered by the Tax Indemnity. In particular, this procedure entails the obligation to notify Total S.A. of any event that is likely to give rise to a liability covered by the Tax Indemnity and to comply with the advice and instructions of Total S.A. in defending the interests of the relevant Group company. In the event of unresolved disagreements on the strategy, means, method or type of such defence, the final decision will be taken by Total S.A. Arkema's failure to comply with its obligations may result in automatic termination of the Tax Indemnity.

Amount of the indemnity

The Tax Indemnity includes no deductible, trigger threshold or cap.

In the event that a liability cannot be clearly connected to the petrochemicals and specialties sector transferred by the Group to Total in relation to Arkema's Businesses, Arkema S.A. and Total S.A. will each bear 50% of the said liability.

Special provisions applying to Group companies that were included in the Total S.A. French tax group (*groupe d'intégration fiscale de Total S.A.*)

The tax sharing agreements (*conventions d'intégration fiscale*) between Total S.A. and the Group companies that were included in the Total S.A. French tax group provide that these companies will be required to pay to Total S.A. any additional taxes and penalties that may be due by Total S.A., as the head company of the tax group, where they relate to the taxable income of such companies during the time they were included in the tax group.

However, these companies will be exempt from such payments to Total S.A. with respect to tax liabilities relating to their taxable income for fiscal years during which they were included in the Total S.A. tax group, if such liabilities are covered by the Tax Indemnity. In exchange, these companies waive the indemnity to which they would have been entitled pursuant to the Tax Indemnity.

Furthermore, in the event of a tax reassessment of a Group company relating to Arkema's Businesses (which are not covered by the Tax Indemnity) for a fiscal year during which such company was included

in the Total S.A. tax group, such company shall be liable to pay Total S.A. a contribution calculated on the basis of the net amount of the reassessment after the following allowances:

- if, following this reassessment, the Group Company has realized a profit in respect of the fiscal year to which the reassessment applies, a deductible of €3 million per company and per fiscal year;
- if, following this reassessment, the Group Company has realized a loss in respect of the fiscal year to which the reassessment applies, an allowance equal to the amount of the losses generated by such company with respect to Arkema's Businesses, as determined by Arkema S.A. and Total S.A.

Payment of the indemnity

The liabilities covered by the Tax Indemnity will give rise to an indemnification payment only if they are definitely determined by an enforceable decision that is not subject to appeal.

Duration of the Tax Indemnity

The Tax Indemnity shall expire at the end of two months following the statute of limitations effectively applicable to the tax liabilities covered by the Tax Indemnity.

Beneficiary of the Tax Indemnity

The Tax Indemnity is only for the benefit of Arkema S.A. or, as the case may be, Arkema France, if Arkema S.A. is merged into Arkema France.

11.2.3 Other indemnities given in the context of the Spin-Off of Arkema's Businesses

As part of the Total Spin-Off Agreement, Total S.A. and Arkema S.A. made certain representations and warranties, some of them in connection with the separation of ARKEMA from Total.

The agreement states that Total S.A. grants no indemnities, other than the indemnities and agreements entered into by the Total entities that are described in this paragraph, particularly with respect to the assets and the business activities of all ARKEMA entities, or the liabilities or obligations associated with such entities or activities, which ARKEMA declares that it is aware of and for which Arkema S.A. shall be responsible, including in the case of the appearance of any item that is not known as of the date of the Total Spin-Off Agreement, or of an increase in the amount of the aforesaid liabilities or obligations. ARKEMA releases Total S.A. from any such claim, except in the case of New Claims as defined below.

Representations and warranties relating to information exchanged in preparing the Spin-off of Arkema's Businesses

Total S.A. and ARKEMA have made mutual representations and warranties with respect to the accuracy and completeness of the information exchanged by the two companies in preparing the Spin-Off of Arkema's Businesses.

Representations and warranties relating to potential claims

After conducting all necessary and customary due diligence, Arkema S.A. has declared, recognized and warranted that, to its knowledge and to the knowledge of the ARKEMA entities, as of the date of the Total Spin-Off Agreement, there were no grounds for claims, actions or complaints by any ARKEMA entity or by any one of its de facto or de jure directors, corporate officers or executives against any Total entity or any one of its de facto or de jure employees,

directors, corporate officers or executives (a Total Entity). The claims, actions or complaints mentioned above are hereinafter referred to as the ARKEMA Claim(s).

Consequently, Arkema S.A. has undertaken to indemnify Total S.A. and hold it harmless for the consequences of any ARKEMA Claim against any Total Entity.

Arkema S.A. has waived all ARKEMA Claims other than New Claims, as defined below.

ARKEMA's indemnity and the waiver mentioned in the two preceding paragraphs do not apply to any potential ARKEMA Claim that would be based on (i) events attributable to a Total Entity or (ii) grounds of which no ARKEMA entity has any knowledge as of the date of the Total Spin-Off agreement, after completing the necessary and customary due diligences, but only if and insofar as such events or grounds do not relate solely to the fact that the ARKEMA companies belonged to Total prior to 18 May 2006, or relate solely to the exercise of corporate offices or management functions by Total Entities within ARKEMA (the New Claim(s)).

At the same time, Total S.A. has declared, recognized and warranted that to its knowledge and to the knowledge of the Total entities, as of the date of the Total Spin-Off agreement, there were no grounds for claims, actions or complaints by any Total entity or by any one of its de facto or de jure directors, corporate officers or executives against any ARKEMA entity or any one of its de facto or de jure employees, directors, corporate officers or executives (the ARKEMA Entity(ies)), arising from the ownership or operation by ARKEMA entities of the companies or businesses acquired by Total before 18 May 2006 (the Total Claim(s)).

Total S.A. has declared, recognized and warranted that it had no Total Claim(s) arising from the exercise of corporate offices or functions by ARKEMA Entities within Total, and has waived all Total Claims on its part.

Consequently, Total S.A. has agreed to indemnify and hold harmless Arkema S.A. for the consequences of any Total Claim against any ARKEMA Entity.

Duration of the indemnities

No indemnity given in the Total Spin-Off agreement will survive after 10 years from 18 May 2006.

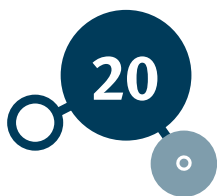
With the exception of the obligations or indemnities described in this section, Total has not given to ARKEMA other material commitments or indemnities of the kind referred to in the first paragraph of this section "Commitments received from Total in 2006".

12) Employees

The average number of employees by category of personnel is as follows:

| | |
|-----------------------------|----------|
| Engineers and managerial | 8 |
| Supervisors and technicians | 0 |
| Total | 8 |

As they are members or ex-members of the executive committee, their remuneration appears directly on the face of the income statement. For this reason, remuneration of key management personnel is not covered by a specific note.



FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL CONDITIONS AND RESULTS OF THE ISSUER

Results of the Company in the last 5 years

20.7 Results of the Company in the last 5 years

RESULTS OF THE COMPANY IN THE LAST 5 YEARS

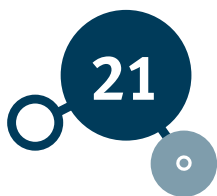
(ARTICLES 133, 135 AND 148 OF THE DECREE OF 23 MARCH 1967 ON COMMERCIAL COMPANIES)

| <i>(In millions of euros (unless otherwise indicated))</i> | | | | | |
|--|------------|------------|------------|------------|------------|
| Type of disclosures | 2004 | 2005 | 2006 | 2007 | 2008 |
| I – Financial position at year end | | | | | |
| a) Share capital | | | 605 | 605 | 605 |
| b) Number of shares issued | 4,000 | 4,000 | 60,453,823 | 60,453,823 | 60,454,973 |
| II – Operations and results | | | | | |
| a) Sales (excluding VAT) | None | None | 2 | 6 | 7 |
| b) Income before tax, depreciation, impairment and provisions | Immaterial | (6) | 24 | 174 | 69 |
| c) Income taxes | Immaterial | - | | 19 | 30 |
| d) Employee legal profit sharing | Immaterial | - | | | |
| e) Income after tax, depreciation impairment and provisions | Immaterial | (6) | 18 | 121 | 94 |
| f) Amount of dividends distributed | - | - | - | 46 | NK |
| III – Earnings per share (in euros) * | | | | | |
| a) Income after tax but before depreciation, impairment and provisions | Immaterial | Immaterial | 0.39 | 3.19 | 1.63 |
| b) Income after tax, depreciation, impairment and provisions | Immaterial | Immaterial | 0.30 | 2.01 | 1.55 |
| c) Net dividend per share | - | - | 0.00 | 0.75 | NK |
| IV – Employee data | | | | | |
| a) Number of employees | - | - | 8 | 8 | 8 |
| b) Total payroll | - | - | 1 | 3 | 5 |
| c) Amounts paid to employee benefit bodies in the year | - | - | 1 | 1 | 2 |

* The weighted average number of ordinary shares used for the calculation of 2006 and 2007 earnings per share is the number of ordinary shares in circulation since the Spin-Off on May 18, 2006.

21 Additional information

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21.1 Share capital

21.1.1 AMOUNT OF SHARE CAPITAL (ARTICLE 6 OF THE ARTICLES OF ASSOCIATION)

As of the date of this reference document, the Company's share capital is €604,549,730 divided into 60,454,973 fully paid up shares of a single category.

21.1.2 FORM AND TRANSFER OF SHARES (ARTICLE 7 OF THE ARTICLES OF ASSOCIATION)

Shares may be held in registered or bearer form as required by the shareholder and providing that there are no legal or regulatory stipulations to the contrary.

The shares are freely negotiable. They are registered in an account and are transmitted by a transfer from one account to another, under the conditions of the applicable laws and regulations.

21.1.3 SECURITIES NOT GIVING ACCESS TO THE COMPANY'S CAPITAL

As of the date of this reference document, there are no securities other than equity securities.

21.1.4 TREASURY SHARES

At 31 December 2008, the Company held 39,707 ARKEMA shares, i.e. 0.1% of the share capital at that date.

In application of article L. 225-211 of the *Code de commerce*, the purpose of the information below is (i) to inform ARKEMA's shareholders of the completion of the share buy-back operations as part of the share buy-back program approved by the annual general meeting of 20 May 2008, and (ii) to present the new buy-back program on which the Company's annual general meeting of 15 June 2009 will be asked to vote.

This information has been prepared in accordance with articles 241-1 and seq. of the *Autorité des marchés financiers* general regulation.

Review of the share buy-back program authorized on 20 May 2008 (2008 Share Buy-back Program)

The annual general meeting of 20 May 2008, having considered the Board of Directors' report, authorized the Board of Directors, in

accordance with the provisions of article L. 225-209 of the *Code de commerce* and the European Council Regulation n° 2273/2003 dated 22 December 2003 pertaining to the terms of application of European Directive n° 2003/6/EC dated 28 January 2003, to purchase shares in the Company as part of a share buy-back program, the main features of which are as follows:

- maximum purchase price: €60, with the Company's holding as a result of this purchase not exceeding 10% of the share capital;
- duration of this authorization: 18 months;
- the shares may be purchased or transferred at any time under the conditions and within the limits, particularly volume and price, permitted by law at the date of the transaction in question, by any and all means, including over the counter, by way of block trades or by way of derivatives traded on a regulated or over-the-counter market, under the conditions permitted by the market authorities and at the times the Board of Directors or its delegated representative deems appropriate.

Under this 2008 Share Buy-back Program, these shares may be purchased for any purpose permitted by law, notably the following:

- to implement market practices permitted by the *Autorité des Marchés Financiers* such as (i) purchasing shares in the Company to keep and subsequently tender as consideration for possible external growth operations, acquisitions, mergers, spin-offs or asset contributions up to a maximum of 5% of the share capital at the time of the transaction, or (ii) purchasing or selling shares under a liquidity agreement that complies with the code of conduct approved by the *Autorité des Marchés Financiers*, entered into with an investment services provider, and (iii) any market practice that might in the future be permitted by the *Autorité des Marchés Financiers*, or by law;
- to implement and honour obligations and more particularly to allot the shares upon the exercise of rights attached to securities giving immediate or future access to the share capital by whatever means, and to cover the Company's (or one of its subsidiaries') existing obligations in connection with such securities, under the conditions permitted by the market authorities and at the times the Board of Directors or its delegated representative deems appropriate;

- to cover stock option plans granted to employees or executive officers of the Company or its group;
- to grant free shares to employees or executive officers of the Company or its Group under the conditions set out in articles L. 225-197-1 and seq. of the *Code de commerce*;
- to propose employees to purchase shares, directly or through an employee share ownership plan, under the conditions set out by law and particularly articles L. 443-1 of the French Labor Code;
- to reduce the Company's share capital.

The Board of Directors of 4 March 2008 decided to implement the share buy-back program subject to authorization by the combined general meeting of 20 May 2008.

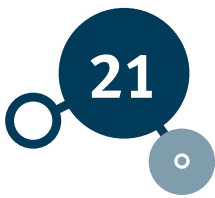
Operations completed as part of the 2008 Share Buy-back Program

As at 20 May 2008, when the annual general meeting approved the 2008 Share Buy-back Program, the Company held, directly or indirectly, 300,830 treasury shares.

The following tables give a summary of the operations carried out as part of the 2008 Share Buy-back Program:

| Summary statement as at 31 March 2009 | |
|---|------------|
| Number of shares comprising the Company's capital at 20 May 2008 | 61,072,285 |
| Treasury shares held directly or indirectly at 20 May 2008 | 300,830 |
| Number of shares purchased between 20 May 2008 and 31 March 2009 | 498,444 |
| Weighted average gross price of shares purchased (<i>in euros</i>) | 29.55 |
| Number of treasury shares at 31 March 2009 | 39,707 |
| Number of shares cancelled in the last 24 months | 759,567 |
| Accounting value of portfolio (<i>in euros</i>) | 912,840 |
| Market value of portfolio (<i>in euros</i>) based on closing price at 31 March 2009, i.e. € 11.90 | 472,513 |

| Summary of transactions carried out through the program between 20 May 2008 and 31 March 2009 | Aggregate gross movements | | Open positions at 31 March 2009 | |
|---|---------------------------|-----------------|---------------------------------|------------------------|
| | Purchases | Sales/Transfers | Open buying positions | Open selling positions |
| Number of shares | 498,444 | - | None | None |
| Average price of transaction (<i>in euros</i>) | 29.55 | - | None | None |
| Amounts (<i>in thousands of euros</i>) | 14,729 | - | None | None |



ADDITIONAL INFORMATION

Share capital

Breakdown of treasury shares held by ARKEMA by objectives:

As at 31 March 2009, the 39,707 treasury shares held by the Company were allocated for the purpose of covering Company's plans to grant free shares to its employees and executive officers of the Company and affiliated companies.

Share buy-back program recommended to the annual general meeting of 15 June 2009 (2009 Share Buy-back Program)

ARKEMA's Board of Directors wishes the Company to further have at its disposal a share buy-back program.

To this end, the Board of Directors will recommend to the combined general meeting of 15 June 2009 the cancellation of the 8th resolution voted by the combined general meeting of 20 May 2008 and the authorization for implementation of a new share buy-back program in accordance with the provisions of European Council Regulation n° 2273/2003 dated 22 December 2003 pertaining to the terms of application of European Directive n° 2003/6/EC dated 28 January 2003.

Objectives of the 2009 Share Buy-back Program

As part of the 2009 Share Buy-back Program that will be recommended to the combined general meeting of 15 June 2009, ARKEMA is considering repurchasing own shares or having own shares repurchased for any purpose permitted by law either now or in the future, and notably for the following purposes:

- to implement market practices permitted by the *Autorité des Marchés Financiers* such as (i) purchasing shares in the Company to keep and subsequently tender as consideration for possible external growth operations, acquisitions, mergers, spin-offs or asset contributions up to a maximum of 5% of the share capital at the time of the transaction, or (ii) purchasing or selling shares under a liquidity agreement that complies with the code of conduct approved by the *Autorité des Marchés Financiers*, entered into with an investment services provider, and (iii) any market practice that might in the future be permitted by the *Autorité des Marchés Financiers* or by law;
- to implement and honour obligations and more particularly to allot the shares upon the exercise of rights attached to securities giving immediate or future access to the share capital by whatever means, and to cover the Company's (or one of its subsidiaries') existing obligations in connection with such securities, under the conditions permitted by the market authorities and at the times the Board of Directors or its delegated representative deems appropriate;
- to cover stock option plans granted to employees or executive officers of the Company or its Group;
- to grant free shares to employees or executive officers of the Company or its Group under the conditions set out in articles L. 225-197-1 and seq. of the *Code de commerce*;
- to propose employees to purchase shares, directly or through an employee share ownership plan, under the conditions set out by law and particularly articles L. 443-1 and seq. of the French Labor Code;

- to reduce the Company's share capital.

The authorization granted to the Board of Directors by the annual general meeting of 5 June 2007 to cancel repurchased securities is due to expire on 5 June 2009, and therefore a recommendation will be made to the extraordinary annual general meeting of 15 June 2009 to renew this authorization for a further twenty-four month period.

Maximum proportion of share capital to be repurchased and maximum number of shares that may be acquired under the 2009 Share Buy-back Program

The maximum proportion of share capital to be repurchased under the 2009 Share Buy-back Program shall be 10% of the total number of shares comprising the Company's share capital (as at 31 March 2009, the total number of shares comprising the share capital was 60,454,973).

In accordance with article L. 225-210 of the French Commercial Code, the number of shares that the Company may hold at any time may not exceed 10% of the shares comprising the Company's share capital on the date in question.

The securities that the Company is considering acquiring are shares.

Maximum unit purchase price authorized

The maximum purchase price would be €30 per share, it being specified that the Board of Directors may adjust the purchase price to take account of the impact on the share price of transactions such as a capitalization of share premiums, reserves or earnings giving rise either to an increase in the par value of the shares or to the issuance and distribution of shares for no consideration, a stock split or reverse stock split, or any other transaction affecting the share capital.

Accordingly, the maximum amount of cash dedicated to the 2009 Share Buy-back Program would be €100 million.

Terms and conditions for the 2009 Share Buy-back Program

The shares may be purchased or transferred at any time, under the conditions and within the limits, particularly volume and price, permitted by law at the date of the transaction in question, by any and all means, including over the counter, by way of block trades or by way of derivatives traded on a regulated or over-the-counter market, under the conditions permitted by the market authorities and at the times the Board of Directors or its delegated representative deems appropriate.

Duration of the 2009 Share Buy-back Program

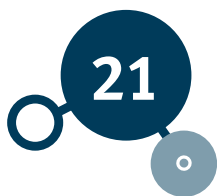
In accordance with the resolution to be submitted for the approval of the combined general meeting of 15 June 2009, the 2009 Share Buy-back Program would be authorized for a period of 18 months from the date of its approval, namely until 15 December 2010.

21.1.5 UNISSUED AUTHORIZED CAPITAL, UNDERTAKINGS TO ISSUE CAPITAL

As of 31 December 2008 there were no securities other than the Company's shares giving access to the Company's capital.

A summary table of the outstanding delegations given to the Board of Directors by the annual general meeting to make capital increases, and of the uses made of these delegations, is given below.

| Summary of purpose | Date of annual general meeting | Period of authorization | Maximum authorized nominal value | Use made by the Board of Directors (date) |
|---|---|-------------------------|---|--|
| Delegation of authority granted to the Board of Directors to issue shares in the Company and/or any securities giving access to shares in the Company or one of its subsidiaries, with preferential subscription rights | 20 May 2008 | 26 months | €120 million €500 million (debt securities) | none |
| Delegation of authority granted to the Board of Directors to issue shares in the Company and/or any securities giving access to shares in the Company or one of its subsidiaries, without preferential subscription rights | 20 May 2008 | 26 months | €120 million €500 million (debt securities) | none |
| Authorization of the Board of Directors in the event of a capital issue with retention of preferential subscription rights of existing shareholders (see 1 above) to increase the number of shares to be issued | 20 May 2008 | 26 months | 15% of the initial issue for each of the issues made under the delegation described above | none |
| Delegation of powers to the Board of Directors allowing the issue of shares in the Company and other securities giving access to shares in the Company, in consideration for transfers to the Company of shares or securities giving access to shares | 20 May 2008 | 26 months | 10% of issued capital | none |
| Limitation on combined amount under the authorizations listed above | 20 May 2008 | 26 months | €120 million | none |
| Delegation of authority to the Board of Directors allowing an increase in the Company's capital through incorporation of reserves, profits or premiums | 20 May 2008 | 26 months | €100 million | none |
| Delegation of authority to the Board of Directors allowing the issue of shares in the Company reserved for employees subscribing to a company savings plan * | 10 May 2006 (expired 20 May 2008) | 26 months | €20 million | Subscription of 618,462 shares (4 March 2008) Used at 31/12/2008: €6,184,620 |
| | 20 May 2008 | 26 months | €20 million | none |
| Authorization given to the Board of Directors to make free allocations of the Company's shares * | 10 May 2006 | 38 months | 3% of issued capital at 2 June 2006, or €18,136,146 | Allocation of 180,000 shares (13 May 2008) Allocation of 125,000 shares (14 May 2007) Allocation of 150,000 shares (4 July 2006) Used at 31/12/2008: €4,550,000 |



21 ADDITIONAL INFORMATION

Memorandum and Articles of Association

| Summary of purpose | Date of annual general meeting | Period of authorization | Maximum authorized nominal value | Use made by the Board of Directors (date) |
|--|--------------------------------|-------------------------|---|---|
| Authorization given to the Board of Directors to issue options to subscribe for or purchase Company's shares * | 10 May 2006 | 38 months | 5% of issued capital at 2 June 2006, or €30,226,911 | Allocation of 460,000 options giving the right to subscribe for 460,000 shares (13 May 2008) Allocation of 600,000 options giving the right to subscribe for 600,000 shares (14 May 2007) Allocation of 540,000 options giving the right to subscribe for 540,000 shares (4 July 2006) Used at 31/12/2008: €16,000,000 |
| Authorization for the Board of Directors to reduce the share capital by cancelling shares * | 5 June 2007 | 24 months | 10% of issued capital | Cancellation of 759,567 shares (12 November 2008) Used at 31/12/2008: €7,595,670 |

* New authorizations will be put to the vote of the annual general meeting scheduled for 15 June 2009 (for further information, please refer to the "Draft resolutions proposed to the combined general meeting on 15 June 2009" given in annex 4 of this reference document).

At 31 December 2008, the Company's capital, which was €604,549,730, in 60,454,973 shares, was subject to an increase of 1,587,050 shares resulting from the exercise of 1,587,050 options, taking account of subscription options cancelled during the year, giving potential maximum dilution of 2.63%. There are no other

securities giving access to the Company's capital either immediately or in the future.

See section 17.5.4 of this reference document for a description of these options.

21.1.6 CAPITAL COVERED BY AN OPTION

As of the date of this reference document, and other than the stock option plans described in section 17.5.4, to the Company's knowledge,

no option structure exists that could affect the Company's share capital.

21.1.7 HISTORY OF THE COMPANY'S SHARE CAPITAL OVER THE PAST 3 YEARS

The Company's shares have been listed on Euronext Paris stock exchange since 18 May 2006. The breakdown of the Company's share

capital at 31 December 2008, 31 December 2007 and 31 December 2006 is given in section 18.1.

21.2 Memorandum and Articles of Association

21.2.1 THE COMPANY'S CORPORATE PURPOSE (ARTICLE 3 OF THE ARTICLES OF ASSOCIATION)

The Company's corporate purpose in any country is:

- ▶ to carry out all operations directly or indirectly relating to research, production, processing, distribution and marketing of all chemical and plastic products and their derivatives, by-products thereof and of all paracheimical products;
- ▶ to acquire, hold and manage all securities, negotiable or otherwise, in French and foreign companies, through newly-created companies, contributions, limited partnerships, or by

subscribing for or purchasing securities or corporate rights, or through mergers, combinations, joint venture companies or by obtaining the use of any property or rights under a lease, lease-management agreement or by donation, or otherwise; and

- ▶ more generally, to enter into all financial, commercial, industrial, real or personal property transactions that may be directly or indirectly related to any of the objects referred to above or to any other similar or connected objects, and designed to promote the Company's purpose, expansion or development.

21.2.2 MEMBERS OF THE BOARD OF DIRECTORS AND MANAGEMENT BODIES

Provisions relating to the Board of Directors and management bodies are described in sections 15.1 to 15.3 of this reference document.

21.2.3 RIGHTS AND OBLIGATIONS ATTACHED TO THE SHARES (ARTICLE 9 OF THE ARTICLES OF ASSOCIATION)

In addition to the right to vote, each share gives the bearer the right of ownership of a portion of the Company's assets, its profits and winding-up dividends (*boni de liquidation*), determined proportionately to the shareholding it represents.

Ownership of one share entails compliance with the Articles of Association of the Company and with all resolutions approved by the Company's shareholders at general meetings.

21.2.4 ALLOCATION OF PROFITS (ARTICLE 20 OF THE ARTICLES OF ASSOCIATION)

The following sums are allocated from the Company's profits for the year, less any retained losses, in the following order:

- 1. at least 5% is allocated to the legal reserve fund; once the legal reserve fund amounts to one-tenth of the share capital, this allocation is no longer mandatory;
- 2. any amounts that the shareholders have resolved to transfer to reserves, for which they will determine the allocation or use, pursuant to a resolution adopted at a general meeting; and
- 3. any amount that the general meeting shall decide to allocate to retained earnings.

Any remaining balance is paid out to the shareholders as dividends. The Board of Directors may pay interim dividends under the conditions provided by the applicable laws and regulations.

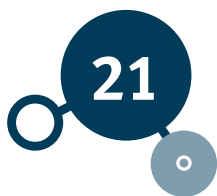
The general meeting called to approve the accounts for the financial year may grant each shareholder the option to receive all or part of the dividends or interim dividends in cash or in shares.

The general meeting may, at any time, on the Board of Directors' recommendation, decide to distribute all or part of the amounts contained in the reserve fund accounts either in cash or in shares in the Company.

21.2.5 AMENDMENTS TO SHAREHOLDERS' RIGHTS

In accordance with applicable laws, all amendments to the Articles of Association are subject to approval by an extraordinary

general meeting duly constituted under the quorum and majority requirements provided by the applicable laws and regulations.



21.2.6 GENERAL MEETINGS

Convening notice (article 16.1 of the Articles of Association)

General meetings are called under the conditions provided by the applicable laws and regulations.

Place of meeting (article 16.2 of the Articles of Association)

Meetings are held at the registered office or at any other place indicated in the notice of meeting.

Admission to general meetings (article 16.3 of the Articles of Association)

In accordance with the applicable laws and regulations, all shareholders, regardless of the number of shares they own, have the right to attend general meetings and take part in the deliberations, or to be represented if it can be established, in legal and regulatory conditions, that the shares are registered in their name or in the name of an authorized intermediary on their behalf in application of the seventh paragraph of article L. 225-1 of the *Code de commerce*, no later than three business days prior to the annual general meeting at 0:00 A.M., Paris time, either in the registered share accounts held by the Company, or in bearer securities accounts held by the authorized intermediary.

The registration or accounting entry of the shares in bearer securities accounts held by the authorized intermediary shall be evidenced by a certificate of participation issued by the intermediary holding the account under applicable legal and regulatory conditions.

Exercise of voting rights (article 16.4 of the Articles of Association)

As from the time the meeting is called, any shareholder may request from the Company in writing a paper absentee ballot, or, if the Board of Directors provides for this option in both the announcement and notice of meeting, an electronic absentee ballot. Such requests must be delivered to or received at the registered office of the Company no later than six days before the date of the meeting. The Board of Directors has the power to reduce or waive this period.

Paper absentee ballots must be delivered to or received by the Company at least three days before the date of the general meeting. Electronic absentee ballots may be delivered to or received by the Company until 3:00 P.M., Paris time, on the eve of the general meeting. The Board of Directors or Chairman, if so authorized by delegation, has the power to reduce or waive this period.

Representation at general meetings (article 16.5 of the Articles of Association)

Shareholders may be represented at general meetings by their spouse or by another shareholder or, if they are not domiciled in

France, by an intermediary registered on their behalf, in accordance with the applicable laws and regulations.

Shareholders that are legal entities attend meetings through their legal representatives or any proxy appointed for this purpose.

Any member of the meeting who wishes to be represented by proxy shall send a proxy form to the Company, either on paper, or, if the Board of Directors provides for this option in both the announcement and convening notice, in electronic format, at least three days before the meeting. However, the Board of Directors or Chairman, if so authorized by delegation, has the power to reduce or waive such notice periods and to accept proxy forms that do not fall within this limit.

Proxies in electronic format may be filed or received by the Company until 3:00 P.M., Paris time, on the eve of the general meeting. The Board of Directors or Chairman, if so authorized by delegation, has the power to reduce or waive this period.

Use of telecommunications means (article 16.6 of the Articles of Association)

The Board of Directors has the power to decide that shareholders who take part in the general meeting by videoconference or other means of telecommunication that enable them to be identified and where the nature and conditions of such means of participation are determined by the *Code de commerce*, shall be deemed present for the purposes of calculating quorum and majority.

Chair of general meetings (article 17.1 of the Articles of Association)

General meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a director who is appointed specifically for this purpose by the Board of Directors. Failing this, the meeting elects its own chairman.

Quorum and majority at general meetings (article 17.2 of the Articles of Association)

General meetings, whether they are ordinary, extraordinary, combined or special, are duly constituted when they meet the quorum and majority conditions provided by applicable laws and regulations governing such meetings, and exercise the powers ascribed to them by the law.

Voting rights, double voting rights (article 17.3 of the Articles of Association)

Subject to the provisions set forth below, each member of the meeting is entitled to as many voting rights and votes as the number of shares he owns or represents, providing that all payments due for such shares have been met.

However, double voting rights are conferred on all fully paid up shares in registered form that have been registered in the name of the same shareholder for at least 2 years, under the conditions applicable by law and by regulations.

Furthermore, in the event of a capital increase by capitalization of reserves, profits or share premiums, double voting rights are conferred, as of their issue, to shares in registered form allocated to shareholders on the basis of existing shares held by such shareholders and conferring such entitlement.

The merger or spin-off of the Company has no effect on double voting rights, which may be exercised within the beneficiary company or companies if the Articles of Association of such company provide for such rights.

Any share converted to a bearer share or the ownership of which is transferred loses the double voting rights gained under the three provisions above. However, transfer resulting from inheritance, the separation of assets between spouses or a living gift to a spouse or close relative does not result in the loss of rights acquired nor interrupt the qualifying period indicated above.

Limitations on voting rights (article 17.4 of the Articles of Association)

In a general meeting, no shareholder may, directly or through a proxy, express more than 10% of the total voting rights attached to the Company's shares, taking into account single voting rights attached to shares that he directly or indirectly holds and to the powers conferred to him. However, if such a shareholder also holds personally or as a proxy double voting rights, the 10% limit may be exceeded, taking into account only the additional voting rights resulting therefrom, and the combined voting rights expressed shall not exceed 20% of the total voting rights attached to the Company's shares.

In application of the foregoing provisions:

- ▶ the total number of voting rights attached to the Company's shares that is taken into consideration is calculated as of the date of the

general meeting and the shareholders are notified thereof at the beginning of such general meeting;

- ▶ the number of voting rights held directly and indirectly means those voting rights attached to shares to which a natural person holds title, either personally or jointly, or through a company, group, association or foundation, and those that are attached to the shares held by a company that is controlled, within the meaning of article L. 233-3 of the *Code de commerce*, by another company or by a natural person, association, group or foundation;
- ▶ a shareholder's proxy returned to the Company without stating the name of the proxy is subject to the foregoing limitations. However, such limitations do not apply to the chairman of a general meeting who is voting by virtue of all such proxies combined.

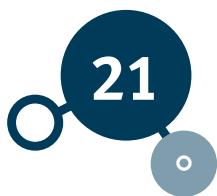
The limitations provided in the foregoing paragraphs have no effect in calculating the total number of voting rights, including double voting rights, attached to the Company's shares and which must be taken into account in applying the legal, regulatory or statutory provisions providing for specific obligations by reference to the number of voting rights existing in the Company or the number of shares having voting rights.

The limitations set forth above shall lapse, without any need for a new resolution by an extraordinary general meeting, whenever a natural person or a legal entity, acting separately or in concert with one or more natural persons or legal entities, should come to hold at least two thirds of the total number of shares in the Company following a public offering for all of the Company's shares. The Board of Directors then recognizes that the limitations have lapsed and carries out the related formalities to amend the Articles of Association.

21.2.7 CLAUSES LIABLE TO HAVE AN EFFECT ON CONTROL OF THE COMPANY

Subject to the granting of double voting rights to any shareholder who owns fully-paid shares and for which said shareholder must prove registered ownership for at least 2 years (article 17.3 of the Articles of Association) and to the limitation on voting rights (article 17.4 of the Articles of Association), no provision of the Articles of Association can delay, defer or prevent a change of control over the Company.

The clauses pertaining to double voting rights and limitations on voting rights that are liable to have an effect on control of the Company are set out in section 21.2.6 of this reference document.



21.2.8 IDENTIFICATION OF THE SHAREHOLDERS (ARTICLE 8.1 OF THE ARTICLES OF ASSOCIATION)

The Company may at any time make use of all applicable laws and regulations to identify the holders of securities that confer immediate or future voting rights in its own general meetings.

For purposes of identifying the holders of shares in bearer form the Company has the right, under the conditions provided by the applicable laws and regulations, to request at any time, at its own expense, that the central depository in charge of its securities issue account provide the name or company name, nationality, year of birth or of incorporation and the address of the holders of securities giving immediate or future access to voting rights at its general meetings as well as the number of securities held by each and any restrictions that may apply to such securities. If such information is not received within the period of time stipulated by the applicable regulations or if the information provided by the custodian account-holder is incomplete or erroneous, the central depository may request that the president of the district court (*Président du tribunal de grande instance*) order such information to be provided in a summary proceeding (*en référé*).

The information obtained by the Company cannot be transferred thereby, even at no charge, subject to the criminal sanctions provided by article 226-13 of the French Penal Code (*Code Pénal*).

Under the conditions specified by the applicable laws and regulations (particularly those concerning time limits), the intermediary registered on behalf of holders of securities in registered form who are not domiciled on the French territory is required to reveal the identity of the holders of such securities and of the number of securities held by each, at the request of the Company or of its representative, which may be submitted at any time.

As long as the Company deems that certain holders of securities in bearer form or in registered form whose identity has been communicated to the Company hold such shares on behalf of third parties, it has the right to request such holders to reveal the identity of the owners of these securities and the number of securities of each such owner under the conditions indicated above. When a person who has received a request in accordance with the foregoing provision fails to provide the information thus requested within the time specified by laws and regulations, or has provided incomplete or erroneous information either on his own capacity, or on the owners of the securities, or on the number of securities held by each, the shares or securities giving immediate or future access to the share capital and for which that person was registered shall be disqualified for voting purposes at any general meeting that may be held until the date on which all such information is made accurate, and payment of the corresponding dividend shall be postponed until such date.

Moreover, in the event that a registered person should knowingly fail to comply with the above provisions, the court having jurisdiction in the territory of the Company's registered office may, at the request of the Company or of one or more shareholders holding at least 5% of the share capital, partially or completely disqualify the questionable shares from voting and potentially from receiving the dividend, for a total of no more than 5 years.

Furthermore, without prejudice to the disclosure requirements set forth in article 8.2 of the Articles of Association, the Company may ask any legal entity that holds shares in the Company for more than one-fortieth of the share capital or voting rights to disclose the identity of persons who directly or indirectly hold more than one-third of the share capital or of the voting rights which are liable to be exercised at general meetings of such legal entity.

21.2.9 CROSSING OF THRESHOLDS (ARTICLE 8.2 OF THE ARTICLES OF ASSOCIATION)

In addition to the legal obligation to notify the Company of their holding of certain percentages of the share capital or voting rights, any natural person or legal entity, acting alone or in concert, that shall come to own, within the meaning of articles L. 233-9 and L. 233-10 of the *Code de Commerce*, directly or indirectly, 1% or more of the share capital or voting rights, is required to notify the Company thereof by registered letter with return receipt stating the total number of shares, voting rights and securities giving future access to the capital and of voting rights attached thereto that it holds, alone or in concert, directly or indirectly, within five trading days from the date on which it crosses this threshold.

Above this 1% threshold and up to 33.33%, this disclosure requirement must be fulfilled under the conditions set forth above, each time the shareholder crosses a multiple of 0.5% of the share capital or voting rights.

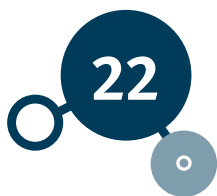
Failure to disclose these thresholds as set forth in the first two paragraphs above shall result in those shares that should have been disclosed being disqualified for voting purposes at general meetings, if so requested at a meeting by one or more shareholders separately or together holding at least 3% of the Company's share capital or voting rights.

All shareholders, whether natural persons or legal entities, must also notify the Company in the manner and within the time limits indicated in the first two paragraphs above, whenever their direct, indirect or joint holdings fall below any of the thresholds mentioned in the said paragraphs.



22 Significant contracts

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22.1 Significant contracts

At the date of this reference document, the Company does not anticipate to modify during the year the agreements detailed in this section.

22.1.1 CONTRACTS OF FUNDAMENTAL IMPORTANCE FOR THE GROUP OR FOR A BU

At BU, or even Group level, the agreements described below are of fundamental importance, particularly in terms of supplies of raw materials or energy resources, profit margins, transport capacity or the setting-up of establishments in attractive markets.

Agreement with EDF relating to the supply of electricity to chlorine-producing plants in France (1995-2010)

In an agreement entered into with EDF on 21 December 1995 and amended in July 2005 (the Agreement), Arkema France negotiated specific terms for the price indexation of electricity delivered to its four chlorine-producing plants (Fos-sur-Mer, Jarrie, Lavera and Saint-Auban) until the end of 2010. The competitiveness of the prices negotiated by Arkema France can be explained, in particular, by the duration of the commitments entered into, the substantial volumes of electricity purchased annually (electricity being the raw material for electrolysis) and a very specific consumption profile of the chlorine-producing sites, namely the constant rate of consumption (24 hours a day, 365 days a year) which provides synergies with electricity produced from nuclear power. Arkema France also agreed to reduce its consumption of electricity for short periods at the request of EDF and has waived its rights to electricity from hydro-electric power in favor of EDF.

Implementation of the rectificative Finance Act n° 2005-1720 of 30 December 2005 made it possible to create, on 12 May 2006, a consortium consisting of seven “electricity intensive” industrial companies including Arkema France.

This consortium, called Exeltium, is a *société par actions simplifiée* (simplified joint stock company) the main purpose of which is the purchase and resale of electricity under long-term contracts, including invitations to tender, negotiation and management of contracts throughout their term.

On 5 April 2007, Exeltium and the EDF Group signed an industrial partnership contract for the long-term supply of electricity. This contract defines the terms and conditions of volumes, prices and the sharing of industrial risk with respect to this long-term electricity supply. Implementation of the contract depends on the availability of financing for the consortium. In any event, ARKEMA does not expect to receive any part of its supplies of electricity under the conditions provided for under this partnership agreement until the Agreement expires at the beginning of 2011.

Industrial agreement with EDF signed on 21 December 1995 and amended in 2005 relating to the supply of electricity to non-chlorine producing sites in France

Elf Atochem (now known as Arkema France) reserved electricity supplies from EDF for its non-chlorine producing sites over a period of 25 years (1996-2020) in consideration for payment to EDF of a sum corresponding to a drawing right. The quantities of electrical power reserved at the time would cover the electricity consumption of the non-chlorine producing sites of the former Elf Atochem France and its subsidiaries. This agreement was split into two between Total Petrochemicals France and Arkema France by an amendment dated 23 September 2005, which set out the rights and obligations of each party for the 15 years left to run. Since the liberalization of energy markets, prices are negotiated by mutual agreement with EDF based on market prices.

Agreement with Total Exploration Production France regarding the supply of standard hydrogen sulfide

Historically, the thiochemicals activities have operated on the Lacq site due to the local availability of hydrogen sulfide (H₂S) at low cost. Hydrogen sulfide, which is a key raw material in thiochemicals, is present in significant proportion in the gas at Lacq.

On 9 August 2002, Arkema France entered into an agreement for the supply of hydrogen sulfide with Elf Aquitaine Exploration Production France. This agreement took effect on 1 January 2003. Under the terms of this agreement, Total Exploration Production France (TEPF), formerly named Elf Aquitaine Exploration Production France, supplies acid gas rich in hydrogen sulfide via pipelines to the Arkema France units located at Lacq (France) and Mourenx (France). The agreement was entered into for an initial period of 3 years. It is tacitly renewable for periods of one year.

EDA services contract with Total Petrochemicals France (line 41 at Carling)

Total Petrochemicals France (TPF) owns line 41 on the Carling site, which mainly produces EDA for Arkema France, and can also produce polyethylene for TPF. Under the line 41 EDA toll-processing contract signed on 15 March 2006 with retroactive effect from 1 January 2005, Arkema France is responsible for procurement of the main raw materials, the supply of the EDA production process and the financing of related investment. For its part, TPF provides Arkema France with toll-processing services, on line 41, of main raw materials into EDA and the supply of secondary raw materials and associated services. Arkema France pays TPF a remuneration calculated on the basis of a formula including actual costs and a fixed contractual remuneration supplement based on TPF's fixed costs. The agreement was concluded for an initial term of 8 years for Arkema France and 10 years for TPF. It is tacitly renewable for periods of one year.

Joint venture company with Nippon Shokubai (American Acryl)

The company American Acryl LLC was incorporated on 16 June 1997 for a term of 99 years and is owned in equal shares by NA Industries, Inc. (owned by Nippon Shokubai Co., Ltd) and by ARKEMA through its subsidiary Elf Atochem North America, Inc. (now called Arkema Inc.). The company was incorporated for the purpose of building an acrylic acid production unit, to operate such unit and to allocate its production to its members. Pursuant to the joint venture agreement, all important decisions are taken unanimously. For the purposes of production of acrylic acid, American Acryl LLC uses Nippon Shokubai technology under a license agreement. The activity of this joint venture company is essential for the Acrylics business, since it is the Group's sole source of production of acrylic acid in the United States.

Agreement for the production of hydrofluoric acid and Forane® F22 for Daikin on the Changshu site

In 2002, the Group started production of Forane® F22 at its unit in Changshu near Shanghai. The production of Forane® F22 is backed up by the upstream production of hydrofluoric acid (HF). The Group shares this production of Forane® F22 with the Japanese company Daikin pursuant to Heads of Agreement signed on 30 July 1998. This agreement provides for Daikin to have reserve capacity and to have access to the supplies of hydrofluoric acid necessary for its production. The amounts payable by Daikin in consideration of this are calculated on the basis of (i) the variable costs incurred as a function of the quantities produced, (ii) the share of fixed costs corresponding to the capacity reserved for Daikin, and (iii) the depreciation established to cover Daikin's share of the investment in the facilities. Initially, the Group was in fact the only investor in the production facilities. In order to obtain a reserve capacity, Daikin granted the Group various loans.

VCM contract for river transport by barge on the Rhône River

By a long-term contract which commenced on 1 April 2000, Arkema France agreed with Compagnie Fluviale de Transports de gaz (CFT gaz) the terms governing the transport of vinyl chloride monomer (VCM) from Fos-sur-Mer and Lavera to Saint-Fons by means of three motorized barges. This contract stipulates a minimum tonnage for transport. Its economic importance for the Group is fundamental since it enables the transportation of VCM in accordance with high safety standards and on economically favorable terms.

22.1.2 AGREEMENTS ILLUSTRATING SITUATIONS OF INDUSTRIAL DEPENDENCE

In certain cases, the supply of certain products or the geographic locations on a specific market can prove to be particularly dependent on the terms contained in a number of agreements. The agreements mentioned below illustrate such situations of industrial dependence.

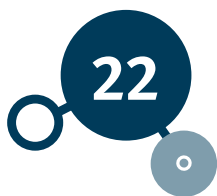
Supply of ethylene (C₂)

Pursuant to a long-term supply agreement entered into on 15 March 2006 and commencing on 1 May 2006, Total Petrochemicals France (TPF), using Petrofina as its agent, agreed to sell and deliver to Arkema France ethylene produced by its steamcrackers at Carling, Feyzin and Lavera, for use at Arkema France's sites and facilities at Carling, Balan, Jarrie, Fos-sur-Mer and Lavera, respectively. The product is delivered

to Arkema France's sites and facilities by pipelines belonging to Total S.A. or to the Shell group. The quantities delivered are invoiced on the basis of a negotiated price or, in the absence of agreement, on the basis of a price which takes into account the quarterly contract price "free delivered North West Europe" published by the International Chemical Information Services (ICIS).

Supplies of propylene (C₃)

Pursuant to a long-term agreement for the supply of propylene entered into on 15 March 2006 and commencing on 1 May 2006, TPF and Petroraf, using Petrofina as their agent, agreed to sell and deliver to Arkema France propylene produced by the steamcrackers at Carling and Lavera or from the refinery at La Mède, for use at



SIGNIFICANT CONTRACTS

Significant contracts

Arkema France's sites and facilities at Carling (Acrylics) and Lavera (oxo-alcohol production). The product is delivered to Arkema France's sites and facilities by pipelines. The quantities delivered are invoiced on the basis of a negotiated price or, in the absence of agreement, on the basis of a price which takes into account the quarterly contract price "free delivered North West Europe" published by ICIS.

Butanol purchase agreement (Notre-Dame-de-Gravenchon)

Pursuant to a long-term agreement concluded on 15 March 2006, TPF, through Petrofina, undertook to supply the Arkema France plant at La Chambre (Maurienne valley, France) with all the secondary butanol (B2) synthesized by TPF at its Notre-Dame-de-Gravenchon unit (France). In order to synthesize B2, the Notre-Dame-de-Gravenchon unit uses Raffinate 2 (a mixture of butane and butenes) which comes from (i) Raffinate 1 produced by the steamcracker at Gonfreville belonging to TPF, transformed into Raffinate 2 by the company Lubrizol, with which TPF is bound by an agreement for the supply of services, and (ii) in addition, from purchases made from other European petrochemical companies. B2 is the essential raw material for the Arkema France unit at La Chambre and is used in the production of an organic solvent, methyl ethyl ketone (MEK). In

the event of termination or non-renewal of the Lubrizol agreement, non-renewal of the butanol purchase agreement with TPF, structural difficulties in obtaining supplies from other suppliers, or in the event of the closure of the site at Notre-Dame-de-Gravenchon, the future of the Arkema France unit at La Chambre would be significantly at risk.

ARKEMA announced on 11 March 2009 to its central works council its plan to shut-down the production of methyl ethyl ketone at the La Chambre (France) industrial site by the end of 2009 and to dispose of the marketing and sales assets to Sasol Solvents Germany GmbH, which should terminate this contract.

MMA capacity entitlement contract with Rohm and Haas in the United States

The Group signed a contract with Rohm and Haas in October 2000 to reserve methyl methacrylate (MMA) production capacity in the United States, which was supplemented by two further contracts, signed in 2001 and 2003. Pursuant to these long-term contracts, Rohm and Haas supplies the Group with significant quantities of MMA. These contracts represent the Group's only source of MMA supply in the United States.

22.1.3 AGREEMENT REPRESENTING SIGNIFICANT INCOME

The agreements described below represent a significant source of sales for the Group.

Contract between Arkema Inc. and Novus for the supply of 3-methyl thiopropionaldehyde (MMP)

Atofina Chemicals, Inc. (now known as Arkema Inc.) entered into a long-term contract with Novus International, Inc. on 1 January 2002 for the production of 3-methyl thiopropionaldehyde (MMP), an intermediate in the manufacture of methionine, at its site in Beaumont, Texas (United States). Under the terms of this contract, Atofina Chemicals, Inc. built an MMP production unit on behalf of Novus International, Inc., which is operated by and receives its feedstock from Atofina Chemicals, Inc.

Contract between Arkema and subsidiaries of Total S.A. for the supply of acrylic acid and acrylic derivatives

The Acrylics BU supplies acrylic acid and acrylic derivatives (particularly esters), as well as phthalic anhydride, to various subsidiaries of Total S.A.. These supplies represent an essential part of the sales of the Acrylics BU and contribute substantially to its profits. In the case of the acid and the acrylic derivatives, these supplies have been secured by an agreement with a term of five (5) years entered into with Total S.A. subsidiaries on 8 March 2006.

Contract for the supply by Coatex of dispersants to the Omya group

On 1 October 2007 ARKEMA acquired Coatex, one of the world's leading producers of rheology modifiers for aqueous phase formulations. A long-term supply contract was concluded on 1 October 2007 between Coatex and the Omya group (former Coatex shareholder) for the supply of dispersants by Coatex. The supplies executed under this contract represent a significant part of Coatex's overall sales.

22.2 Guarantees and indemnities from the Total Group

In connection with the Spin-Off of Arkema's Businesses, Total S.A. and certain Total S.A. companies have extended certain indemnities, or have assumed certain obligations, for the benefit of ARKEMA, relating to (i) certain antitrust litigation, (ii) certain actual or potential environmental liabilities of the Group arising from certain sites in

France, Belgium and the United States, the operations on which have ceased in the majority of cases, (iii) certain tax matters, and (iv) the Spin-Off of Arkema's Businesses. These indemnities and obligations are described below.

THE INDEMNITIES EXTENDED BY TOTAL S.A. IN RESPECT OF CERTAIN ANTITRUST LITIGATION

In order to cover potential risks in connection with antitrust litigation relating to anti-competitive agreements in Europe and the United States and arising from facts prior to 18 May 2006 (7 March 2006, as the case may be), Total S.A. has extended to Arkema S.A., and Elf Aquitaine, Inc. has extended to Arkema Amériques SAS (formerly Arkema Finance France), indemnities, the principal terms of which are described below.

Context of the Indemnities

The indemnities described below have been extended by Total S.A. and Elf Aquitaine, Inc. in connection with, and in order to facilitate the completion of, the Spin-Off of Arkema's Businesses, and should not be interpreted as constituting an acknowledgement of liability of any kind whatsoever on the part of Total S.A. or any of its direct or indirect subsidiaries.

Subject matter of the Indemnities

By an agreement dated 15 March 2006 (the **Arkema European Indemnity**), Total S.A. agreed to indemnify Arkema S.A. for 90% of (i) any payment due by Arkema S.A. or any of its subsidiaries (with the exception of Arkema Amériques SAS and its subsidiaries) pursuant to a money judgment imposed by EU antitrust authorities, or by national antitrust authorities of a Member State of the European Union, for violations of antitrust laws relating to anticompetitive agreements, (ii) any damages payable by Arkema S.A. or any of its subsidiaries (with the exception of Arkema Amériques SAS and its subsidiaries) pursuant to civil proceedings arising from the same facts which form the basis of a judgment referred to in (i), and (iii) certain expenses incurred in connection with such proceedings by Arkema S.A. or any of its subsidiaries (with the exception of Arkema Amériques SAS and its subsidiaries).

By an agreement dated 15 March 2006 (the **Arkema US Indemnity**), Total S.A. also agreed to indemnify Arkema S.A. for 90% of (i) any payment due by Arkema S.A. or any of its subsidiaries (with the exception of Arkema Amériques SAS and its subsidiaries) pursuant

to a money judgment imposed by U.S. courts or antitrust authorities for violations of U.S. federal or state antitrust laws relating to anticompetitive agreements, or in respect of a settlement entered into in the context of such proceedings, (ii) any damages payable by Arkema S.A. or any of its subsidiaries (with the exception of Arkema Amériques SAS and its subsidiaries) pursuant to civil proceedings arising from the same facts which form the basis of a judgment referred to in (i), and (iii) certain expenses incurred in connection with such proceedings by Arkema S.A. or any of its subsidiaries (with the exception of Arkema Amériques SAS and its subsidiaries).

In connection with the sale of Arkema Delaware, Inc. shares by Elf Aquitaine, Inc. to Arkema Amériques SAS, Elf Aquitaine, Inc. agreed, in the agreement dated 7 March 2006 (the **Arkema Delaware Indemnity**), to indemnify Arkema Amériques SAS for 90% of (i) any payment due by Arkema Amériques SAS or any of its subsidiaries pursuant to a money judgment imposed by U.S. courts or antitrust authorities for violations occurring prior to 7 March 2006 of U.S. federal or state antitrust laws relating to anticompetitive agreements, or in respect of the settlement entered into in the context of such proceedings, (ii) any damages payable by Arkema Amériques SAS or any of its subsidiaries pursuant to civil proceedings arising from the same facts which form the basis of a judgment referred to in (i), and (iii) certain expenses incurred by Arkema Amériques SAS or any of its subsidiaries in connection with such proceedings.

The amount covered by the Arkema Delaware Indemnity is subject to a cap of US \$893 million.

Finally, Total S.A. extended to Arkema S.A. a supplemental indemnity dated 15 March 2006 (the **Supplemental Arkema Delaware Indemnity**) covering 90% of sums payable by Arkema Amériques SAS or any of its subsidiaries in respect of litigation relating to anticompetitive agreements in the United States in excess of the maximum amount covered by the Arkema Delaware Indemnity.

The Arkema European Indemnity, the Arkema US Indemnity, the Arkema Delaware Indemnity and the Supplemental Arkema Delaware Indemnity are hereinafter referred to together as the Indemnities and individually as an Indemnity.

Liabilities not covered by the Indemnities

The following liabilities are not covered by the Indemnities:

- liabilities arising from facts occurring after 18 May 2006 in the case of the Arkema European Indemnity and the Arkema US Indemnity, or after 7 March 2006 in the case of the Arkema Delaware Indemnity and the Supplemental Arkema Delaware Indemnity (including, in case of liabilities arising from facts occurring both before and after the relevant date, the portion of the liability relating to the period after 18 May 2006 or after 7 March 2006, as the case may be);
- liabilities arising from violations of antitrust laws other than those prohibiting anticompetitive agreements;
- liabilities imposed by authorities outside the European Union (in the case of the Arkema European Indemnity) or the United States (in the case of the other Indemnities).

Participation of Total S.A. in the management of litigation covered by the Indemnities

The Indemnities provide for the participation by Total S.A. or Elf Aquitaine, Inc., as the case may be, in the management of litigation covered by the Indemnities, which involves a certain number of obligations on the part of Arkema S.A. and Arkema Amériques SAS, in particular the obligation to notify Total S.A. or Elf Aquitaine, Inc., as the case may be, of certain events occurring in the context of proceedings covered by the Indemnities and act in accordance with the advice and instructions of Total S.A. or Elf Aquitaine, Inc., as the case may be, relating to such proceedings. Total S.A. and Elf Aquitaine, Inc., as the case may be, also have the right to assume sole control of the defense of the Group entity in question. Failure by Arkema S.A. or Arkema Amériques SAS to comply with these obligations can result, in certain circumstances, in the automatic termination of the Indemnity, as described below.

Amount of the indemnification

The Arkema European Indemnity can be claimed when the cumulative liability covered by this indemnity exceeds the sum of €176.5 million for which provisions were created in the Group's accounts on the date of the spin-off of ARKEMA from the Total Group. Until this deductible is reached, Arkema S.A. may not claim indemnification from Total S.A. under the Arkema European Indemnity. The Arkema US Indemnity, the Arkema Delaware Indemnity and the Supplemental Arkema Delaware Indemnity do not have a deductible.

In accordance with the terms of the Arkema European Indemnity, if the deductible was not reached within 10 years from 18 May 2006, Arkema S.A. would have to reimburse Total S.A. the amounts paid by Total S.A. and Elf Aquitaine, Inc. under the Arkema US Indemnity, the Arkema Delaware Indemnity and the Supplemental Arkema Delaware Indemnity up to an amount equal to the difference between the deductible and the cumulative amount of liabilities (*Passifs*) (as defined in the Arkema European Indemnity).

Indemnification obligations under the Indemnities are triggered only with respect to liabilities that are due and payable.

Given that the deductible amount has been exceeded, the mechanisms of the Total indemnity for 90% of liabilities are now applicable.

The cross-indemnities of Arkema S.A. and Arkema Inc.

Arkema S.A. and Arkema Inc. have agreed to indemnify Total S.A. in respect of any liability covered by the Indemnities but which is borne not by a Group entity but by Total S.A. or one of its subsidiaries due to facts attributable to a Group company, whether the liability of Total S.A. or of its subsidiaries is determined to be direct or derivative, exclusive or joint and several, relative to the liability of the Group entity to which the facts are attributable.

However, this cross-indemnity by Arkema S.A. and Arkema Inc. will be reduced by the indemnity which would have been paid by Total S.A. or Elf Aquitaine, Inc., as the case may be, under the relevant Indemnity if the liability had been borne by a Group company. Consequently, if the cross-indemnity of Arkema S.A. and Arkema Inc. is triggered, Arkema S.A. or Arkema Inc., as the case may be, would only be obliged to indemnify Total S.A. for 10% of the liabilities borne by Total S.A. or one of its subsidiaries (in the case of the Arkema European Indemnity, this 10% relates to the amount, if any, in excess of the deductible).

Term of the Indemnities

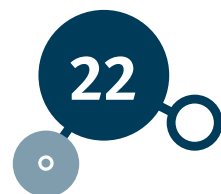
The Arkema European Indemnity and the Arkema US Indemnity are valid for a term of 10 years from 18 May 2006. The Arkema Delaware Indemnity and the Supplemental Arkema Delaware Indemnity are valid for a term of 10 years from 7 March 2006.

The Arkema S.A. cross-indemnity is valid for a term of 10 years from 18 May 2006.

The Arkema Inc. cross-indemnity is valid for a term of 10 years from 7 March 2006.

Termination of the Indemnities

Indemnities shall terminate in the event that a natural person or a legal entity, acting alone or in concert with others, acquires, directly or indirectly, more than one third of the voting rights of Arkema S.A. (it being noted that voting rights are capped at 10%, or 20% in the case of double voting rights, unless an acquirer comes to own at least two-thirds of the total number of shares of Arkema S.A. following a public offer to buy all of Arkema S.A.'s shares); or if the Group were to transfer, in one or several transactions to a single third party or a number of third parties acting in concert, and irrespective of the details of such transfer, assets representing more than 50% of the enterprise value of the Group at the date of such transfer.



The Arkema European Indemnity and the Arkema US Indemnity will terminate if Arkema S.A. loses control of Arkema France.

The Arkema Delaware Indemnity and the Supplemental Arkema Delaware Indemnity will terminate if Arkema S.A. loses control of Arkema Amériques SAS, or if Arkema Amériques SAS loses control of Arkema Delaware Inc.

Finally, the Indemnities will terminate in the event of a material breach by the Group of its obligations under the relevant Indemnity

if such breach has remained uncured for 30 days after notice by the indemnifying party demanding its cure.

The Indemnities provide that, upon the occurrence of a termination event, the only liabilities of Group companies that will remain covered by the Indemnities are those, if any, which (i) fell due prior to the termination event and (ii) were notified to Total S.A. or to Elf Aquitaine, Inc., as the case may be, prior to the termination event.

OBLIGATIONS AND INDEMNITIES GIVEN IN RESPECT OF FORMER INDUSTRIAL SITES IN FRANCE AND THE UNITED STATES

In order to cover certain risks relating to certain industrial sites situated in France and the United States in respect of which the Group is or could be held liable, and where, for the most part, operations have ceased (the Former Industrial Sites), Total S.A. companies have entered with Arkema S.A. or its subsidiaries into indemnity and service agreements the principal terms of which can be described as follows:

Agreement relating to Former Industrial Sites located in France

Prior to the Spin-Off of the Arkema's Businesses, Arkema France signed a number of contracts with various companies owned by Total S.A., most notably Retia. Pursuant to these agreements, the Total S.A. companies concerned, in consideration of a flat fee already paid by Arkema France, assume all the investigation, restoration and monitoring obligations that could be imposed on Arkema France by the competent administrative authorities in respect of industrial sites located in France the operation of which, for the most part, has ceased. To this end, the agreements provide, in particular, (i) in the majority of cases, for the transfer of ownership of the sites concerned by Arkema France to the Total S.A. companies concerned, (ii) for the Total companies concerned to be substituted for Arkema France in the capacity of last operator of those sites whenever that is possible, (iii) for the performance by the Total S.A. companies concerned of the restoration obligations of the sites in question in accordance with the applicable rules, and (iv) for the indemnity by the Total S.A. companies in respect of the financial consequences of claims which could be brought against Arkema France by reason of the impact of those sites on the environment.

The transfer of land to Retia has been completed and the declarations of change of operator for most of the sites affected have been made to the body responsible for administering registered sites.

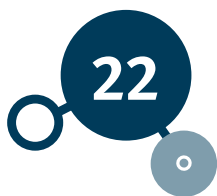
In most cases, Arkema France retains responsibility for the consequences concerning employees and former employees of Arkema France as well as third parties, in terms of public health or occupational pathologies, of the industrial activities formerly carried out by Arkema France and its predecessors on the sites which are the subject of the aforementioned agreements.

Agreement relating to certain Former Industrial Sites located in the United States

In March 2006, Arkema Amériques SAS completed the acquisition from Elf Aquitaine, Inc. and Arkema France of Arkema Delaware Inc., a holding company of most of the Group's operations in the United States. Under the negotiated terms of the stock purchase agreement among Elf Aquitaine, Inc., Legacy Sites Services and Arkema Finance France (now Arkema Amériques SAS) (the Arkema Delaware main SPA), Elf Aquitaine, Inc. provided capital of US \$270 million to a new subsidiary, Legacy Sites Services LLC, to be responsible, under an indemnity agreement, for the costs that might arise under the liability of Group entities covered by this indemnity for environmental pollution, including any damage to persons or property relating to such pollution. This indemnity covered 35 closed industrial sites that had been operated or owned by the Group in the past, and 24 sites belonging to third parties for which the responsibility of the Group is engaged due to the storage of waste coming from sites other than sites currently in operation. In exchange for this indemnification, Arkema Amériques SAS agreed to grant to Legacy Sites Services LLC control over remediation activities and the defense of claims relating to contamination liabilities at these facilities and sites, subject to certain exceptions and exclusions.

The sites currently operated by the Group are excluded from this indemnity, as are sites that received waste associated with current operations of the Group and certain sites where no significant restoration work is currently underway or anticipated, and other sites where the Group could be held liable for environmental pollution. These other sites include, for example, sites where remediation has been conducted in the past or where future remediation costs or liability are believed to be insignificant or non-existent, based upon information available at the time when the indemnity was entered into. Arkema Amériques SAS has waived any claims against Legacy Sites Services LLC, Total S.A. or their respective subsidiaries in respect of the sites not covered by the indemnity.

The Legacy Sites Services LLC indemnity covers the costs of restoration and clean-up of the soil and groundwater, the costs of related defense and settlement costs and personal injury, property and natural resource damages. The indemnity does not cover



SIGNIFICANT CONTRACTS

Guarantees and indemnities from the Total Group

liabilities unrelated to site remediation, in particular liabilities in respect of products manufactured on the said sites, or liability arising from certain dangerous and potentially dangerous substances, particularly asbestos exposure and criminal liability.

The indemnity described above is capped at US\$270 million. At the same time as the stock purchase agreement and the indemnity

described above, Legacy Site Services LLC and Arkema Inc. entered into a supplemental contamination indemnity agreement pursuant to which Legacy Site Services LLC will indemnify the liabilities of the Group in excess of US \$270 million, on the same terms, for the same sites and subject to the same exceptions as the indemnity described in the preceding paragraph.

TAX INDEMNITY GRANTED BY TOTAL S.A.

In order to cover potential tax risks related to the business activities transferred by the Group to Total S.A. or from the reorganization in connection with the Spin-Off of Arkema's Businesses, Total S.A. has granted an indemnity to Arkema S.A., the main terms of which can be described as follows.

Purpose of the tax indemnity

Under the terms of an agreement dated 15 March 2006 (the Tax Indemnity), Total S.A. has undertaken to indemnify Arkema S.A. for (i) liabilities arising from any tax, customs or levies not covered by reserves, for which the Group would remain liable, when such liabilities arise from (a) activities in the petrochemicals and specialties sectors that were transferred by the Group to Total S.A. and the triggering event of which occurred prior to the date of such transfer; or (b) the reorganization undertaken for the purpose of spinning off Arkema's Businesses from Total S.A.'s chemicals sector, including, in particular, the Elf Spin-Off, the Total Spin-Off, the Merger and certain prior securities reclassification transactions; (ii) interest, fines, penalties, additional charges or other costs related thereto; and (iii) provided that Total S.A. has given its prior consent, the expenses incurred by Arkema S.A. or the relevant Group company in connection with such liabilities.

The Tax Indemnity, however, does not cover tax reassessments in connection with Arkema's Businesses (with the exception of reassessments that may affect Arkema UK, as indicated below).

Involvement of Total S.A. in the management of litigation covered by the Tax Indemnity

The Tax Indemnity provides for a procedure pursuant to which Arkema S.A. must involve Total S.A. in the management of the tax audits or litigation relating to the tax liabilities covered by the Tax Indemnity. In particular, this procedure entails the obligation to notify Total S.A. of any event that is likely to give rise to a liability covered by the Tax Indemnity and to comply with the advice and instructions of Total S.A. in defending the interests of the relevant Group company. In the event of unresolved disagreements on the strategy, means, method or type of such defense, the final decision will be taken by Total S.A.. Arkema S.A.'s failure to comply with its obligations may result in automatic termination of the Tax Indemnity.

Amount of the indemnity

The Tax Indemnity includes no deductible, trigger threshold or cap.

In the event that a liability cannot be clearly connected to the petrochemicals and specialties sector transferred by the Group to Total S.A. in relation to Arkema's Businesses, Arkema S.A. and Total S.A. will each bear 50% of the said liability.

Special provisions applying to Group companies that were included in the Total S.A. French tax group (*groupe d'intégration fiscale de Total S.A.*)

The tax sharing agreements (*conventions d'intégration fiscale*) between Total S.A. and the Group companies that were included in the Total S.A. French tax group provide that these companies will be required to pay to Total S.A. any additional taxes and penalties that may be due by Total S.A., as the head company of the tax group, where they relate to the taxable income of such companies during the time they were included in the tax group.

However, these companies will be exempt from such payments to Total S.A. with respect to tax liabilities relating to their taxable income for fiscal years during which they were included in the Total S.A. tax group, if such liabilities are covered by the Tax Indemnity. In exchange, these companies waive the indemnity to which they would have been entitled pursuant to the Tax Indemnity.

Furthermore, in the event of a tax reassessment of a Group company relating to Arkema's Businesses (which are not covered by the Tax Indemnity) for a fiscal year during which such company was included in the Total S.A. tax group, such company shall be liable to pay Total S.A. a contribution calculated on the basis of the net amount of the reassessment after the following allowances:

- if, following this reassessment, the Group Company has realized a profit in respect of the fiscal year to which the reassessment applies, a deductible of three million euros per company and per fiscal year;
- if, following this reassessment, the Group Company has realized a loss in respect of the fiscal year to which the reassessment applies, an allowance equal to the amount of the losses generated by such company with respect to Arkema's Businesses, as determined by Arkema S.A. and Total S.A.

Special provisions applying to certain foreign companies of the Group

No recourse shall be taken against Arkema Deutschland in respect of any tax reassessments applying to the years during which it was included in the German tax groups formed by Total Mineralöl und Chemie and Total Deutschland.

Tax liabilities arising from the reorganization undertaken for purposes of separating Arkema's Businesses from Total's Chemicals sector in the Netherlands, which may have been incurred by Atotech B.V. and Atotech Nederland B.V. as a result of the Dutch tax group of which Arkema North Europe B.V. is the parent company at the time of the separation of the Arkema Businesses, are excluded from the Tax Indemnity. Any other tax liabilities arising from reassessments that may be applied to Atotech B.V. and Atotech Nederland B.V. as a result of the Dutch tax group will be assumed by these companies, which remain under Total S.A.'s control.

Arkema UK will benefit from a UK corporation tax indemnity covering any tax reassessments against it relating to Arkema's Businesses. This indemnity will be limited to the amount of losses generated by the Arkema Businesses that have been transferred by Arkema

UK as result of the group relief instituted by Total Holdings UK for corporation tax purposes in the United Kingdom.

Payment of the indemnity

The liabilities covered by the Tax Indemnity will give rise to an indemnification payment only if they are definitely determined by an enforceable decision that is not subject to appeal.

Duration of the Tax Indemnity

The Tax Indemnity shall expire at the end of two months following the statute of limitations effectively applicable to the tax liabilities covered by the Tax Indemnity.

Beneficiary of the Tax Indemnity

The Tax Indemnity is only for the benefit of Arkema S.A. or, as the case may be, Arkema France, if Arkema S.A. is merged into Arkema France.

OTHER INDEMNITIES GIVEN IN THE CONTEXT OF THE SPIN-OFF OF ARKEMA'S BUSINESSES

As part of the Total Contribution Agreement, Total S.A. and Arkema S.A. made certain representations and warranties, some of them in connection with the separation of ARKEMA from Total.

The agreement states that Total S.A. grants no indemnities, other than the indemnities and agreements entered into by the Total entities that are described in this paragraph 22.2, particularly with respect to the assets and the business activities of all ARKEMA entities, or the liabilities or obligations associated with such entities or activities, which Arkema S.A. declares that it is aware of and for which Arkema S.A. shall be responsible, including in the case of the appearance of any item that is not known as of the date of the Total Spin-Off Agreement, or of an increase in the amount of the aforesaid liabilities or obligations. Arkema S.A. releases Total S.A. from any such claim, except in the case of New Claims as defined below.

Representations and warranties relating to the prospectus

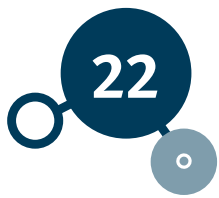
Total S.A. and Arkema S.A. granted each other reciprocal representations and warranties regarding the accuracy and completeness of the information for which they are each responsible contained in the prospectus for the listing of Arkema shares on Euronext by Euronext, that received from the *Autorité des marchés financiers* visa n° 06-106.

Representations and warranties relating to information exchanged in preparing the Spin-off of Arkema's Businesses

Total S.A. and Arkema S.A. have made mutual representations and warranties with respect to the accuracy and completeness of the information exchanged by the two companies in preparing the Spin-Off of Arkema's Businesses.

Representations and warranties relating to potential claims

After conducting all necessary and customary due diligence, Arkema S.A. has declared, recognized and warranted that, to its knowledge and to the knowledge of the ARKEMA entities, as of the date of the Total Spin-Off Agreement, there were no grounds for claims, actions or complaints by any ARKEMA entity or by any one of its de facto or de jure employees, directors, corporate officers or executives against any Total entity or any one of its de facto or de jure employees, directors, corporate officers or executives (a Total Entity). The claims, actions or complaints mentioned above are hereinafter referred to as the Arkema Claim(s).



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Consequently, Arkema S.A. has undertaken to indemnify Total S.A. and hold it harmless for the consequences of any Arkema Claim against any Total Entity.

Arkema S.A. has waived all Arkema Claims other than New Claims, as defined below.

Arkema S.A.'s indemnity and the waiver mentioned in the two preceding paragraphs do not apply to any potential Arkema Claim that would be based on (i) events attributable to a Total Entity, or (ii) grounds of which no ARKEMA entity has any knowledge as of the date of the Total Spin-Off agreement, after completing the necessary and customary due diligences, but only if and insofar as such events or grounds do not relate solely to the fact that the ARKEMA companies belonged to Total prior to 18 May 2006, or relate solely to the exercise of corporate offices or management functions by Total Entities within ARKEMA (the New Claim(s)).

At the same time, Total S.A. has declared, recognized and warranted that to its knowledge and to the knowledge of the Total entities, as of the date of the Total Spin-Off agreement, there were no grounds for claims, actions or complaints by any Total entity or by any one of its de facto or de jure directors, corporate officers or executives against any ARKEMA entity or any one of its de facto or de jure employees, directors, corporate officers or executives (the Arkema Entity(ies)), arising from the ownership or operation by ARKEMA entities of the companies or businesses acquired by Total S.A. before 18 May 2006 (the Total Claims).

Total S.A. has declared, recognized and warranted that it had no Total Claim(s) arising from the exercise of corporate offices or functions by Arkema Entities within Total S.A., and has waived all Total Claims on its part.

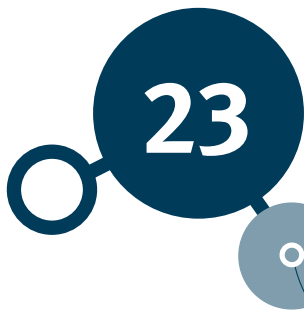
Consequently, Total S.A. has agreed to indemnify and hold harmless Arkema S.A. for the consequences of any Total Claim against any Arkema Entity.

Duration of the indemnities

No indemnity given in the Total Spin-Off agreement will survive after 10 years from 18 May 2006.

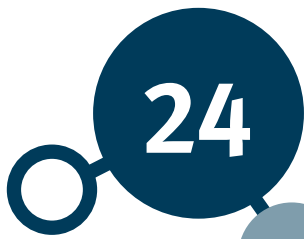
In addition, the Arkema Delaware Main SPA provides that Arkema Amériques SAS, which became a subsidiary of Arkema S.A. on 18 May 2006, will indemnify Elf Aquitaine, Inc., a subsidiary of Total S.A., for any taxes that may result from a breach of representations or covenants under the Arkema Delaware Main SPA or the Tax Sharing Agreement dated 1 January 2001, among Total Holdings USA, Inc. and certain of its subsidiaries, by Arkema Amériques SAS, Arkema Delaware Inc., or certain of the subsidiaries of Arkema Delaware Inc. Elf Aquitaine, Inc. will likewise indemnify Arkema Amériques SAS for any taxes resulting from such breaches by Elf Aquitaine, Inc. Moreover, the Arkema Delaware Main SPA provides that Elf Aquitaine, Inc. and its US subsidiaries, on the one hand, and Arkema Delaware Inc. with certain of its US subsidiaries, on the other hand, are each responsible for their share of US federal and state income taxes before 7 March 2006, as computed under the Tax Sharing Agreement, because for this period Elf Aquitaine, Inc. has filed a consolidated US federal income tax return that includes Arkema Delaware Inc. and certain of its subsidiaries and pays the taxes due in respect of the consolidated US federal income tax return. Arkema Delaware Inc. and certain of its subsidiaries will be required to pay such amounts to Elf Aquitaine, Inc. For periods after 7 March 2006, Arkema Delaware, Inc. and its US subsidiaries are responsible to file income tax returns separately from Elf Aquitaine, Inc. and separately to make all tax payments in respect of these returns.

With the exception of the obligations or indemnities described in this section, Total S.A. has not given to ARKEMA other material commitments or indemnities of the kind referred to in the first paragraph of this section.



Information provided by third parties, statements by experts and declarations of interest

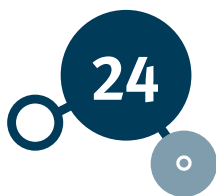
None.



24

Documents available to the public

| | | |
|-------------|--|------------|
| 24.1 | Place where documents and information relating to the Company may be consulted | 238 |
| 24.2 | Annual document prepared in accordance with articles 222-7 and 221-1 of the general regulations of the <i>Autorité des marchés financiers</i> | 238 |



DOCUMENTS AVAILABLE TO THE PUBLIC

Annual document prepared in accordance with articles 222-7 and 221-1 of the general regulations of the *Autorité des marchés financiers*

24.1 Place where documents and information relating to the Company may be consulted

All corporate documents of Arkema S.A. that are required to be made available to shareholders may be consulted at the Company's registered office.

24.2 Annual document prepared in accordance with articles 222-7 and 221-1 of the general regulations of the *Autorité des marchés financiers*

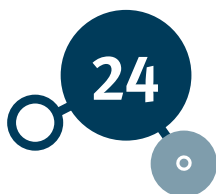
In accordance with articles 222-7 and 221-1 of the general regulations of the *Autorité des marchés financiers*, the following list details the information published or made public by Arkema S.A. over the last twelve months.

LIST OF PRESS RELEASES

Press releases are available on the Company's website (www.finance.arkema.com).

| Date | Title |
|----------------------|---|
| January 2008 | |
| 17/01/2008 | Appointment to ARKEMA's Executive Committee |
| 25/01/2008 | Proposed reorganization of the Serquigny industrial site |
| February 2008 | |
| 07/02/2008 | Arkema France reorganizes its Human Resources and Accounting functions with the creation of Shared Services Centers |
| 15/02/2008 | Publication of 2007 annual sales |
| 29/02/2008 | ARKEMA has finalized the acquisition of Repsol YPF's PMMA business |
| March 2008 | |
| 05/03/2008 | ARKEMA: 2007 full year results |
| 05/03/2008 | ARKEMA to double production capacity at its Leuna hydrogen peroxide facility |
| 10/03/2008 | Proposed agreement between ARKEMA and Sumitomo Seika in superabsorbents |
| April 2008 | |
| 09/04/2008 | ARKEMA to stop production of MBS modifiers at its US facility in Axis (Alabama) |
| 10/04/2008 | ARKEMA announces the proposed acquisition by CECA of SNF Italia's "Activated carbons and regeneration activity" |
| 11/04/2008 | Information related to the Annual General Meeting on 20 May 2008 |
| 15/04/2008 | Plan to reduce greenhouse gas emissions at the Changshu industrial site in China |
| 18/04/2008 | Registration of the 2007 reference document |
| 30/04/2008 | First share capital increase operation reserved for ARKEMA personnel is a success |

| Date | Title |
|-----------------------|---|
| May 2008 | |
| 14/05/2008 | ARKEMA: 1 st quarter 2008 results |
| 15/05/2008 | New compounding line for Altuglas International at its Bristol facility (Pennsylvania) |
| 20/05/2008 | ARKEMA's Annual General Meeting on 20 May 2008 |
| June 2008 | |
| 02/06/2008 | ARKEMA announces the acquisition by its subsidiary Coatex of LyondellBasell's Ethacryl business |
| 04/06/2008 | ARKEMA's nanostructured materials at the heart of the Genesis research program |
| 11/06/2008 | Decision from the European Commission regarding antitrust practices in the sodium chlorate market |
| 17/06/2008 | Appointments at ARKEMA |
| 19/06/2008 | Proposed reorganization and optimization plan presented by the ARKEMA subsidiary Alphacan |
| July 2008 | |
| 09/07/2008 | ARKEMA launches an industrial production project in Europe of a low-GWP fluorinated gas for automotive air-conditioning |
| 24/07/2008 | ARKEMA acquires American gas odorant specialist Odor-Tech |
| August 2008 | |
| 07/08/2008 | ARKEMA: 2 nd quarter 2008 results |
| 18/08/2008 | Fire on our Lavera plant |
| 28/08/2008 | Appointments at ARKEMA |
| September 2008 | |
| 18/09/2008 | New 2-ethyl hexyl acrylate production unit at Carling industrial site |
| 30/09/2008 | ARKEMA consolidates its hydrazine hydrate and derivatives activity at its Lannemezan industrial facility |
| October 2008 | |
| 15/10/2008 | ARKEMA awarded 'Fils d'Or 2008' Top Prize for best shareholder department |
| 21/10/2008 | ARKEMA strengthens its position in Asia by doubling the production capacity of its Shanghai hydrogen peroxide plant |
| November 2008 | |
| 13/11/2008 | ARKEMA: 3 rd quarter 2008 results |
| 13/11/2008 | Alphacan announces a plan to divest its Sanitary and Heating Pipes business |
| 14/11/2008 | ARKEMA and Aker Solutions sign MoU for the marketing of ARKEMA's PVC process |
| 26/11/2008 | ARKEMA improves further the competitiveness of its Vinyl Products segment |
| 26/11/2008 | Proposed evolution of the organization of goods and services procurement for Arkema France |
| 26/11/2008 | Alphacan announces a plan for the industrial reorganization of the French activities of its profiles business |
| December 2008 | |
| 02/12/2008 | ARKEMA has achieved the pre-registration of all its substances concerned by the Reach regulation |
| 10/12/2008 | ARKEMA plans to acquire the organic peroxide business of GEO Specialty Chemicals |
| 15/12/2008 | ARKEMA increase its plan to reduce costs |
| 15/12/2008 | CECA sells its quaternary esters and phosphoric esters to the American company Stepan |
| February 2009 | |
| 02/02/2009 | CECA expands its activities in the filtration sector with the acquisition of Winkelman Mineraria |
| 06/02/2009 | ARKEMA announces the acquisition of American company Oxford Performance Materials |
| 09/02/2009 | ARKEMA sells its vinyl compounding activity in Vanzaghello, Italy, to Industrie Generali spa |
| 12/02/2009 | An Investorsight/IFA study highlights ARKEMA's best practices in terms of corporate governance |
| 19/02/2009 | Dyneon and ARKEMA have entered into a long-term agreement for the supply of HCFC-22 in Europe |
| March 2009 | |
| 05/03/2009 | ARKEMA: 2008 full year results |
| 11/03/2009 | Proposed closure of methyl ethyl ketone production at the La Chambre industrial site |



DOCUMENTS AVAILABLE TO THE PUBLIC

Annual document prepared in accordance with articles 222-7 and 221-1 of the general regulations of the Autorité des marchés financiers

FINANCIAL PRESENTATIONS

Financial presentations are available on the Company's website (www.finance.arkema.com).

| Date | Type of information |
|-----------------|---|
| 05/03/2008 | Presentation of 2007 full year results and mid-term prospects: "ARKEMA another step further" |
| 14/05/2008 | Presentation of 1 st quarter 2008 Results |
| 16/05/2008 | Presentation - 5 th Sal. Oppenheim Chemicals Conference: "ARKEMA, a company under transformation" |
| 20/05/2008 | Presentation to the General Meeting of 20 May 2008 |
| 11/06/2008 | Presentation - UBS Global Basic Materials Conference: "Arkema, a company under transformation" |
| 07/08/2008 | Presentation of 2 nd quarter 2008 results |
| 22 & 23/09/2008 | Investor Days presentations: "Delivering now and tomorrow" "Financial Review" "Vinyl Products" "Industrial Chemicals" "Performance Products" |
| 13/11/2008 | Presentation of 3 rd quarter 2008 results |
| 19/11/2008 | Presentation - Merrill Lynch European Chemicals Conference |
| 15/12/2008 | Presentation Exane – "French Equity Seminar" |
| 05/03/2009 | Presentation of 2008 full year results |

LIST OF BALO PUBLICATIONS

BALO publications are available on the BALO website (www.journal-officiel.gouv.fr/balo/)

| Date | Type of information |
|------------|---|
| 15/02/2008 | Periodical publications – Commercial and Industrial Companies (Sales) |
| 11/04/2008 | Convocation – Shareholders Meeting (Notice of Meeting) |
| 30/04/2008 | Convocation – Shareholders Meeting (Notice of Meeting) |
| 16/05/2008 | Periodical publications – Commercial and Industrial Companies (Sales) |
| 13/06/2008 | Periodical publications – Commercial and Industrial Companies (Annual accounts) |
| 13/08/2008 | Periodical publications – Commercial and Industrial Companies (Sales) |
| 20/04/2009 | Convocations – Shareholders Meeting (Notice of Meeting) |

INFORMATION FILED WITH THE REGISTRAR OF THE COMMERCIAL COURT OF PARIS

The Registrar's publications are available on the website www.infogreffe.fr

| Date | Type of information |
|------------|---|
| 04/03/2008 | Extract from minutes of Board of Directors' meeting |
| 30/04/2008 | Decision of Chairman |
| 30/04/2008 | Certificate |
| 30/04/2008 | Updated Articles of Association |
| 20/05/2008 | Extract from minutes |
| 20/05/2008 | Updated Articles of Association |
| 04/07/2008 | Decision of Chairman |
| 04/07/2008 | Updated Articles of Association |
| 12/11/2008 | Extract from minutes |
| 12/11/2008 | Extract from minutes |
| 12/11/2008 | Updated Articles of Association |

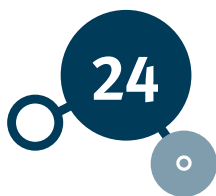
DECLARATION OF SHARE TRANSACTIONS MADE BY DIRECTORS AND EXECUTIVE COMMITTEE MEMBERS

See section 14.6 of this reference document.

PERIODICAL INFORMATION

The documents listed below are available on the Company's website (www.finance.arkema.com).

| Date | Type of information |
|------------|--|
| 22/01/2008 | Description of the share buy-back program approved by the Combined General Meeting of 5 June 2007 |
| 20/03/2008 | Information relating to the capital increase reserved for employees in application of article 221-3 of the general regulations of the <i>Autorité des marchés financiers</i> |
| 11/04/2008 | Information related to the Combined General Meeting on 20 May 2008 |
| 18/04/2008 | 2007 reference document |
| 14/05/2008 | Financial information 1 st quarter 2008 |
| 20/05/2008 | Combined General Meeting of 20 May 2008 - Results of votes on resolutions |
| 07/08/2008 | 2008 half-yearly financial report |
| 13/11/2008 | Financial information 3 rd quarter 2008 |



DOCUMENTS AVAILABLE TO THE PUBLIC

Annual document prepared in accordance with articles 222-7 and 221-1 of the general regulations of the Autorité des marchés financiers

OTHER INFORMATION

| Type of information | Date and publication support |
|--|--------------------------------------|
| Share buy-back statement for week 23/01/2008 to 29/01/2008 | www.finance.arkema.com |
| Share buy-back statement for week 06/02/2008 to 12/02/2008 | www.finance.arkema.com |
| Share buy-back statement for week 27/02/2008 to 04/03/2008 | www.finance.arkema.com |
| Share buy-back statement for week 05/03/2008 to 11/03/2008 | www.finance.arkema.com |
| Share buy-back statement for week 12/03/2008 to 18/03/2008 | www.finance.arkema.com |
| Share buy-back statement for week 19/03/2008 to 25/03/2008 | www.finance.arkema.com |
| Share buy-back statement for week 26/03/2008 to 01/04/2008 | www.finance.arkema.com |
| Share buy-back statement for week 18/06/2008 to 24/06/2008 | www.finance.arkema.com |
| Share buy-back statement for week 25/06/2008 to 01/07/2008 | www.finance.arkema.com |
| Share buy-back statement for week 02/07/2008 to 08/07/2008 | www.finance.arkema.com |
| Share buy-back statement for week 09/07/2008 to 15/07/2008 | www.finance.arkema.com |
| Share buy-back statement for week 16/07/2008 to 22/07/2008 | www.finance.arkema.com |
| Share buy-back statement for week 23/07/2008 to 29/07/2008 | www.finance.arkema.com |
| Share buy-back statement for week 30/07/2008 to 05/08/2008 | www.finance.arkema.com |
| Share buy-back statement for week 06/08/2008 to 12/08/2008 | www.finance.arkema.com |
| Share buy-back statement for week 13/08/2008 to 19/08/2008 | www.finance.arkema.com |
| Share buy-back statement for week 20/08/2008 to 26/08/2008 | www.finance.arkema.com |
| Share buy-back statement for week 27/08/2008 to 02/09/2008 | www.finance.arkema.com |
| Share buy-back statement for week 01/10/2008 to 07/10/2008 | www.finance.arkema.com |
| Share buy-back statement for week 08/10/2008 to 14/10/2008 | www.finance.arkema.com |
| Statement about the number of shares and voting rights in compliance with the article L. 233-8 II of the French commercial code (<i>Code de commerce</i>) and the article 223-16 of the French financial markets authority (<i>Autorité des marchés financiers</i>) general regulation | 05/05/2008 www.finance.arkema.com |
| Statement about the number of shares and voting rights in compliance with the article L. 233-8 II of the French commercial code (<i>Code de commerce</i>) and the article 223-16 of the French financial markets authority (<i>Autorité des marchés financiers</i>) general regulation | 06/06/2008 www.finance.arkema.com |
| Statement about the number of shares and voting rights in compliance with the article L. 233-8 II of the French commercial code (<i>Code de commerce</i>) and the article 223-16 of the French financial markets authority (<i>Autorité des marchés financiers</i>) general regulation | 03/07/2008 www.finance.arkema.com |
| Statement about the number of shares and voting rights in compliance with the article L. 233-8 II of the French commercial code (<i>Code de commerce</i>) and the article 223-16 of the French financial markets authority (<i>Autorité des marchés financiers</i>) general regulation | 05/08/2008 www.finance.arkema.com |
| Statement about the number of shares and voting rights in compliance with the article L. 233-8 II of the French commercial code (<i>Code de commerce</i>) and the article 223-16 of the French financial markets authority (<i>Autorité des marchés financiers</i>) general regulation | 08/09/2008 www.finance.arkema.com |
| Statement about the number of shares and voting rights in compliance with the article L. 233-8 II of the French commercial code (<i>Code de commerce</i>) and the article 223-16 of the French financial markets authority (<i>Autorité des marchés financiers</i>) general regulation | 07/10/2008 www.finance.arkema.com |
| Statement about the number of shares and voting rights in compliance with the article L. 233-8 II of the French commercial code (<i>Code de commerce</i>) and the article 223-16 of the French financial markets authority (<i>Autorité des marchés financiers</i>) general regulation | 05/11/2008 www.finance.arkema.com |
| Statement about the number of shares and voting rights in compliance with the article L. 233-8 II of the French commercial code (<i>Code de commerce</i>) and the article 223-16 of the French financial markets authority (<i>Autorité des marchés financiers</i>) general regulation | 08/12/2008 www.finance.arkema.com |
| Statement about the number of shares and voting rights in compliance with the article L. 233-8 II of the French commercial code (<i>Code de commerce</i>) and the article 223-16 of the French financial markets authority (<i>Autorité des marchés financiers</i>) general regulation | 15/01/2009 www.finance.arkema.com |
| Statement about the number of shares and voting rights in compliance with the article L. 233-8 II of the French commercial code (<i>Code de commerce</i>) and the article 223-16 of the French financial markets authority (<i>Autorité des marchés financiers</i>) general regulation | 09/02/2009 www.finance.arkema.com |
| Decision of the Board of Directors meeting on 4 March 2009 regarding the compensation of the Chairman and Chief Executive Officer | 04/03/2009 www.finance.arkema.com |
| Statement about the number of shares and voting rights in compliance with the article L. 233-8 II of the French commercial code (<i>Code de commerce</i>) and the article 223-16 of the French financial markets authority (<i>Autorité des marchés financiers</i>) general regulation | 11/03/2009 www.finance.arkema.com |
| Statement about the number of shares and voting rights in compliance with the article L. 233-8 II of the French commercial code (<i>Code de commerce</i>) and the article 223-16 of the French financial markets authority (<i>Autorité des marchés financiers</i>) general regulation | 08/04/2009 www.finance.arkema.com |



Information on shares held by the Company

Information related to the companies acquired by the Group in 2008 is given below.

COMPANIES CONSOLIDATED AS OF THE DATE OF THIS REFERENCE DOCUMENT

| Company name | Registered office | Country | Business | % stake (* = indirect) | % voting rights | Category O: Operational (industrial or provision of services and commercial) D: Distribution H: Holding company F: Financial |
|---|--|----------------|--|---------------------------|-----------------------|--|
| Akishima Chemical Industries Co. Ltd | 15 F. Fukoku Seimei Building 15 F 2-2 Uchisaiwaicho 2 – Chiyoda-Ku, Tokyo 100 0011 | Japan | Production and marketing of PVC stabilizers | 100 * | 100 | 0 |
| Alphacan | Elysée II, 12-18 avenue de la Jonchère 78170 La Celle St-Cloud | France | Production and marketing of PVC pipes and profiles | 100 * | 100 | 0 |
| Alphacan B.V | Taylorweg 4, 5466 AE Veghel Boîte postale 521 5460 AM Veghel | Netherlands | Production and marketing of water pipes | 100 * | 100 | 0 |
| Alphacan Doo | Zagrebaka 93, Prigorje Brdoveko, Zagreb | Croatia | Marketing of PVC profiles | 100 * | 100 | 0 |
| Alphacan Espana Transformados S.A.U | Avenida Republica Argentina s/n apdo. 61 09200 Miranda de Ebro (Burgos) | Spain | Production and marketing of water pipes | 99.9 * | 99.9 | 0 |
| Alphacan Perfil S.L.U | Avenida Republica Argentina s/n apdo. 61 09200 Miranda de Ebro (Burgos) | Spain | Marketing of PVC profiles | 99.9 * | 99.9 | D |
| Alphacan S.P.A | Viale de l'Industria 1N 38057 Pergine Valsugana (Trento) | Italy | Production and marketing of PVC profiles | 100 * | 100 | 0 |
| Altuglas International B.V | 41 Ottho Heldringstraat 1066 XT Amsterdam | Netherlands | Production of cast PMMA sheets | 100 * | 100 | 0 |
| Altuglas International Denmark AS ⁽²³⁾ | Industrivej 16 – 9700 Brønderslev - Nordjylland | Denmark | Production and marketing of PMMA sheets and blocks | 100 * | 100 | 0 |
| Altuglas International Limited | 6270 Bishop's Court Birmingham Business Park Birmingham B37 7YB | United Kingdom | Marketing of PMMA sheets | 100 * | 100 | D |

(23) Shareholding acquired on 29 February 2008.

| Company name | Registered office | Country | Business | % stake (* = indirect) | % voting rights | Category O: Operational (industrial or provision of services and commercial) D: Distribution H: Holding company F: Financial |
|---|---|-------------|--|---------------------------|-----------------------|--|
| Altuglas International Mexico Inc | 2711 Centerville Rd Suite 400 Wilmington DE 19808 | USA | Distribution of PMMA in Mexico and import of finished products (acrylic and plastic) | 100 * | 100 | D |
| Altuglas International S.A. | 89 boulevard National 92250 La Garenne Colombes | France | Production and marketing of PMMA sheets | 100 * | 100 | O |
| Altuglas International Srl | Via Per Villapia 27 20010 Cazorezzo (Milan) | Italy | Marketing of PMMA | 100 * | 100 | D |
| Altuglas International Services S.A.S | 89 boulevard National 92250 La Garenne Colombes | France | Services | 100 * | 100 | O |
| Altuglas Polivar Spa ⁽²⁴⁾ | Via Trieste 10-12 00040 Pomezia | Italy | Production and marketing of PMMA sheets and blocks | 100 * | 100 | O |
| Altumax Deutschland GmbH | Paulusstrasse 21-23 53227 Bonn | Germany | Marketing of PMMA | 100 * | 100 | D |
| Altumax Europe S.A.S | 89 Boulevard national 92250 La Garenne Colombes | France | Holding company | 100 * | 100 | H |
| American Acryl L.P | 2711 Centerville Rd Suite 400 Wilmington, DE 19808 | USA | Production of acrylic acid | 50 * | 50 | O |
| American Acryl NA, LLC | 2711 Centerville Rd Suite 400 Wilmington, DE 19808 | USA | Holding company | 50 * | 50 | H |
| Arkema | 11 F Oriental Chemical Building SO Sokong-dong Junk Ku 100-718 Seoul | South Korea | Production and marketing of chemical products | 100 * | 100 | O |
| Arkema Amériques SAS (formerly called Arkema Finance France) | 420, rue d'Estienne d'Orves 92700 Colombes | France | Holding company | 100 | 100 | H |
| Arkema Asie SAS (formerly called Société Financière Arkema) | 420, rue d'Estienne d'Orves 92700 Colombes | France | Holding company | 100 | 100 | H |
| Arkema B.V | 41 Ottho Heldringstraat 1066 XT Amsterdam | Netherlands | Distribution of products in the Netherlands and Belgium | 100 * | 100 | D |
| Arkema Beijing Chemical Co. Ltd | n° 1, Wutong Road, Tongzhou Industrial Development Zone Tongzhou District, Beijing | China | Production and marketing of additives | 100 * | 100 | O |
| Arkema Canada Inc | 700 Third Line, Oakville Ontario L6J 5A3 | Canada | Production of hydrogen peroxide and marketing of chemical products | 100 * | 100 | O |
| Arkema Catalyst India Ltd | Ruby House Building B – 2 nd floor JK Sawant Marg Dadar 400028 Mumbai, Bombay | India | Production and marketing of aluminum chloride | 100 * | 100 | O |

(24) Shareholding acquired on 29 February 2008.

| Company name | Registered office | Country | Business | % stake (* = indirect) | % voting rights | Category O: Operational (industrial or provision of services and commercial) D: Distribution H: Holding company F: Financial |
|--|---|-------------------|--|---------------------------|-----------------------|--|
| Arkema Changshu Chemicals Co., Ltd. | Fluorochemical Industrial Park of Changshu Economic Development Haiyu town 215522 Changshu | China | Production and marketing of organic peroxides | 100 * | 100 | 0 |
| Arkema Changshu Fluorochemical Co., Ltd | Fluorochemical Industrial Park of Changshu Economic Development Haiyu town 215522 Changshu | China | Production and marketing of fluorochemical products | 100 * | 100 | 0 |
| Arkema China Investment Co., Ltd | Unit 1902, Block B Jianwai n° 39 East third Ring Road Chaoyang District 100022 Beijing | China | Holding company | 100 * | 100 | H |
| Arkema Co., Ltd. | Tower 1 The Gateway Harbour City 25 Canton Road Tsim Sha Tsui Kowlon Hong Kong | China | Distribution of chemical products | 100 * | 100 | D |
| Arkema Daikin Advanced Fluorochemicals (Changshu) Co., Ltd ⁽²⁵⁾ | Fluorochemical Industrial Park of Changshu Economic Development Zone Jiangsu | China | Production and marketing of chemical products | 60 * | 60 | 0 |
| Arkema Delaware Inc | 2711 Centerville Road Suite 400, Wilmington DE 19808 | USA | Holding company | 100 * | 100 | H |
| Arkema Europe | 420, rue d'Estienne d'Orves 92700 Colombes | France | Holding company | 100 | 100 | H |
| Arkema France | 420, rue d'Estienne d'Orves 92700 Colombes | France | Production and marketing of chemical products | 100 | 100 | 0 |
| Arkema Gas Odorants LLC ⁽²⁶⁾ | 2711 Centerville Road, Suite 400, Wilmington, DE 19808 | USA | Marketing of chemical products | 100 * | 100 | |
| Arkema GmbH | Tersteegenstrasse 28 40474 Düsseldorf | Germany | Production and distribution of chemical products | 100 * | 100 | 0 |
| Arkema Guangzhou Chemicals Co., Ltd | n° 4, Xin'an road, yonghe District, Guangzhou Economic and technological Development District Guangzhou | China | Production and marketing of additives and ceramic opacifiers | 100 * | 100 | 0 |
| Arkema Holdings Ltd | 6270 Bishop's Court Birmingham Business Park Birmingham B37 7YB | United Kingdom | Holding company | 100 * | 100 | H |
| Arkema Hydrogen Peroxide Co., Ltd. Shanghai | n° 555, Shuangbai Road Shanghai 201108 | China | Production and marketing of hydrogen peroxide | 66.67 * | 66.67 | 0 |
| Arkema Inc | Corporation Service Company 2704 Commerce Drive | USA | Production and marketing of chemical products | 100 * | 100 | 0 |

(25) Shareholding acquired on 20 February 2008.

(26) Shareholding acquired in July 2008.

| Company name | Registered office | Country | Business | % stake (* = indirect) | % voting rights | Category O: Operational (industrial or provision of services and commercial) D: Distribution H: Holding company F: Financial |
|---|--|-------------------|--|---------------------------|-----------------------|--|
| Arkema Iniciadores S.A. de C.V | Rio San Javier N° 10 Fraccionamiento Viveros del rio, Tlalnepantla, estado de Mexico CP 54060 | Mexico | Marketing of organic peroxides | 100 * | 100 | D |
| Arkema K.K | 15 F. Fukoku Seimei Building 2-2 Uchisaiwaicho 2 – Chome Tokyo 100 0011 | Japan | Distribution of chemicals | 100 * | 100 | D |
| Arkema Ltd | 6270 Bishop's Court Birmingham Business park Birmingham B37 7YB | United Kingdom | Distribution of chemicals | 100 * | 100 | D |
| Arkema Ltd | N° 2, 15, A Road, Bien Hoa Industrial Zone, Bien Hoa City – Dong Nai Province | Vietnam | Production and marketing of PVC compounds | 100 * | 100 | O |
| Arkema North Europe B.V | 41 Ottho Heldringstraat 1066 XT Amsterdam | Netherlands | Holding company | 100 * | 100 | H |
| Arkema Peroxides India Private Limited | 1 st floor, Balmer Lawrie House 628 Anna Salai Teynampet 60018 Chennai (Madras) | India | Production and marketing of organic peroxides | 100 * | 100 | O |
| Arkema Pte Ltd | 10 Science Park Road, #01-01A, The Alpha Science Park II 117684 Singapore | Singapore | Distribution of chemicals in southeast Asia | 100 * | 100 | D |
| Arkema Quimica Ltda | 2033 Av. Ibirapuera 4° andar 04 029-901 – Sao Paulo | Brazil | Production of organic peroxides and distribution of chemicals | 100 * | 100 | O |
| Arkema Quimica S.A. | 12-7 Avenida de Burgos 28036 Madrid | Spain | Production and marketing of chemical products | 99.9 * | 99.9 | O |
| Arkema Re Ltd | Reg. No: 420011 10 Lower Mount Street Dublin 2 | Ireland | Captive reinsurance company | 100 * | 100 | O |
| Arkema Rotterdam B.V | Tankhoofd 10 Haven 32553196 KE Vondelingenplaat | Netherlands | Production and marketing of thiochemical products | 100 * | 100 | O |
| Arkema Shanghai Distribution Co. Ltd | D Part, No. 28 Warehouse, n° 500, Fu Te Road (n° 2 East) Shanghai Wai Gao Qiao Free Trade Zone Shanghai | China | Distribution of chemicals | 100 * | 100 | D |
| Arkema SP Z.o.o | Ul.Marynarska 19 a- 02-674 Warsaw | Poland | Production and marketing of chemical products | 100 * | 100 | O |
| Arkema Srl | Via Pregnana, 63 20017 Rho (Milan) | Italy | Production and marketing of chemical products | 100 * | 100 | O |
| Arkema Vlissingen B.V | Europaweg v cittershaven 4389 PD Ritthem | Netherlands | Production and marketing of plastic additives and agrochemicals | 100 * | 100 | O |

| Company name | Registered office | Country | Business | % stake (* = indirect) | % voting rights | Category O: Operational (industrial or provision of services and commercial) D: Distribution H: Holding company F: Financial |
|--|---|---------------|---|---------------------------|-----------------------|--|
| Arkema Yoshitomi Ltd | 4-9 Hiranomachi 2 – Chome-Chuo-Ku 541-0046 Osaka | Japan | Production and marketing of organic peroxides | 49 * | 49 | 0 |
| Ceca Italiana Srl | 5153 Via Galileo Galilei 20096 Piatello (MI) | Italy | Production and marketing of activated carbon and agents | 100 * | 100 | 0 |
| Ceca S.A | 89, boulevard National, 92257 La Garenne-Colombes Cedex | France | Production and marketing of specialty chemical products | 100 * | 100 | 0 |
| Changshu Haike Chemicals Co. Ltd | Jiangsu Hi-Tech Fluorine Chemical Industrial Park Changshu City Jiangsu Province | China | Research into Fluorochemicals | 49 * | 49 | 0 |
| Changshu Resichina Engineering Polymers Co, ltd | Jiangsu Hi-Tech Fluorine Chemical Industrial Park Changshu City Jiangsu Province | China | Production and marketing of compounds | 100 * | 100 | 0 |
| Coatex SAS | 35, rue Ampère 69730 Genay | France | Production and marketing of chemical products | 100 * | 100 | 0 |
| Coatex Netherlands BV | Middenweg 47 - 4782 PM Moerdijk | Netherlands | Production and marketing of chemical products | 100 * | 100 | 0 |
| Coatex Central Eastern Europe sro | Tomasikova 30 Bratislava 821 01 | Slovakia | Marketing of chemical products | 100 * | 100 | D |
| Coatex Korea Inc | 1635-1 Soryong-Dong Kunsan City Jeongbuk Province | Korea | Production and marketing of chemical products | 100 * | 100 | 0 |
| Coatex Asia Pacific Inc | 12 th floor DaeWoo Securities Building 34-3 Yoido-Dong Youngdeungpo-Ke Séoul | Korea | Marketing of chemical products | 100 * | 100 | D |
| Coatex Inc | 547 Ecology Lane SC 29706 Chester | United States | Production and marketing of chemical products | 100 * | 100 | 0 |
| Coatex North America Inc | 547 Ecology Lane SC 29706 Chester | United States | Marketing of chemical products | 100 * | 100 | D |
| Daikin Arkema Refrigerants Asia Ltd | Suite N° 4, 15 F, Sina Plaza, 255-257 Gloucester Road Causeway Bay - Hong Kong | Hong Kong | Production and marketing of chemical products | 40 * | 40 | D |
| Daikin Arkema Refrigerants Trading (Shanghai) ⁽²⁷⁾ | Room 702 555 West Nanjing Rd, Jing'an Shanghai | China | Import - Export of fluorine chemical products | 40 * | 40 | D |
| Delaware Chemicals Corporation | 2711 Centerville Road Suite 400, Wilmington, DE 19808 | USA | Holding company | 100 * | 100 | H |
| Dorlyl SNC | 297 rue des Chantiers BP 1152 76063 Le Havre Cedex | France | Production and marketing of vinyl compounds | 100 * | 100 | 0 |

(27) Shareholding acquired on 31 March 2008.

| Company name | Registered office | Country | Business | % stake (* = indirect) | % voting rights | Category O: Operational (industrial or provision of services and commercial) D: Distribution H: Holding company F: Financial |
|---|--|-------------|---|---------------------------|-----------------------|--|
| Febex S.A. | Routes des Placettes Case Postale 189 1880 Bex | Switzerland | Production and marketing of additives for electroplating and electronics | 96.77 * | 96.77 | 0 |
| Luperox Iniciadores S.A. de C.V | Km. 6.5 Carr. Nanchital- Las Choapas El Chapo Ixhuatlan del Sureste 96360 Veracruz - Mexico | Mexico | Production of organic peroxides | 100 * | 100 | 0 |
| Maquiladora General de Matamoros S.A. de C.V | Poniente 2, n 17 Ciudad Industrial 87470 Matamoros Tamaulipas | Mexico | Production and marketing of PMMA sheets | 100 * | 100 | 0 |
| Michelet Finance Inc | 2711 Centerville Rd Suite 400 Wilmington DE 19808 | USA | Financial services | 100 * | 100 | F |
| MLPC International | 209, avenue Charles Despiau 40370 Rion-des-Landes | France | Production and marketing of additives for the rubber industry | 100 * | 100 | 0 |
| Oxochimie | 420, rue d'Estienne d'Orves 92700 Colombes | France | Production of butanol and 2-EH | 50 * | 50 | 0 |
| Oxford Performance Materials Inc ⁽²⁸⁾ | CT corporation 1209 Orange street 1980 Wilmington | USA | Very high performance thermoplastic polymers | 84.5 | 84.5 | |
| Ozark Mahoning Company | 2711 Centerville Road Suite 400, Wilmington DE 19808 | USA | Dormant company | 100 * | 100 | |
| Plasgom | Poligono Industrial la Torre del Rector c/mar del Caribe 5 08130 Santa Perpetua de Mogoda Barcelona | Spain | Production and marketing of vinyl compounds | 99.9 * | 99.9 | 0 |
| Plasticos Altumax S.A. | Botanica 160/162 Poligon Ind. Gran Via Sud 08908 Hospitalet de Llobregat Barcelona | Spain | Marketing of PMMA sheets and other plastic sheets | 100 * | 100 | D |
| Qatar Vinyl Company Limited | Merqiled -Doha 24440 | Qatar | Production and marketing of caustic soda, EDC and VCM | 12.9 * | 12.9 | 0 |
| Résil Belgium | Neerhonderd 35 9230 Wetteren | Belgium | Production and marketing of vinyl compounds | 100 * | 100 | 0 |
| Résilia Srl | 201 Via Milano 21017 Samarate Varese | Italy | Production and marketing of vinyl compounds | 100 * | 100 | 0 |
| Resinoplast | Chemin de Saint Léonard 51683 Reims Cedex 2 | France | Production and marketing of vinyl compounds | 100 * | 100 | 0 |

(28) Shareholding acquired on 29 November 2008.

| Company name | Registered office | Country | Business | % stake (* = indirect) | % voting rights | Category O: Operational (industrial or provision of services and commercial) D: Distribution H: Holding company F: Financial |
|---|--|-------------|---|---------------------------|-----------------------|--|
| Seki Arkema | 8B 16L, Chilseo Industrial Complex Haman-Gun, Kyoungnam 637-940 Haman-Gun Gyeongnam | South Korea | Production and marketing of organic peroxides | 51 * | 51 | 0 |
| Shanghai Arkema Gaoyuan Chemical Co., Ltd | N° 8999, Hunan Gonglu Nanhui County 201314 Shanghai | China | Production of vinyl compounds | 93.4 * | 93.4 | 0 |
| Stannica LLC | Corporation Trust company 1209 Orange Street Wilmington, DE 19808 | USA | Production and marketing of plastic additives | 40 * | 40 | 0 |
| Sunclear | 280 avenue de la Marne Marcq en Baroeul | France | Marketing of plastic sheets | 100 * | 100 | D |
| Turkish Products Inc | 2711 Centerville Road Suite 400, Wilmington, DE 19808 | USA | Dormant company | 100 * | 100 | |
| Viking Chemical Company | 380 Jackson Street suite 418 Saint Paul, MN 55101 | USA | Production of epoxied vegetable oils | 100 * | 100 | 0 |
| Vinilis S.A | Mallorca, 269 08008 Barcelona | Spain | PVC production | 35 * | 35 | 0 |
| Vinylberre | 420, rue d'Estienne d'Orves 92700 Colombes | France | PVC production | 65 * | 65 | 0 |
| Vinylfos | 420, rue d'Estienne d'Orves 92700 Colombes | France | VCM production | 79 * | 79 | 0 |

COMPANIES NOT CONSOLIDATED AS OF THE DATE OF THIS REFERENCE DOCUMENT

| Company name | Registered office | Country | Business | % stake (* = indirect) | % voting rights | Category O: Operational (industrial or provision of services and commercial) D: Distribution H: Holding company F: Financial |
|---|--|-------------------|--|---------------------------|-----------------------|--|
| Arkema International | 47, route des Acacias CH-1211 Genève | Switzerland | Management of international staff | 100 * | 100 | O |
| Arkema magyarorszag Kft | Bartok Bela 105-113 1115 Budapest | Hungary | Distribution of chemicals | 100 * | 100 | D |
| Arkema Mexico S.A. de C.V | Conjunto Corporativo Tlalnepantla Via Gustavo Baz 2160 Edificio 3 Fracc. Industrial La Loma 54070 Tlalnepantla Mexico | Mexico | Distribution of chemicals | 100 * | 100 | D |
| Arkema Pension Fund Trustee Company Ltd | 6270 Bishop's Court Birmingham Business Park Birmingham B37 7YB | United Kingdom | Pension fund management | 100 * | 100 | F |
| Arkema Pty Ltd | Ground Floor 600 Victoria Street VIC 3121 Richmond | Australia | Distribution of chemical products | 100 * | 100 | D |
| Arkema Quimica Lda | Rua pero Alvito, 4 a 2400 – 208 Leiria | Portugal | Distribution of chemicals | 100 * | 100 | D |
| Arkema S.A. | Carera 21 no. 82-46 of 301 | Colombia | Distribution of chemicals in Colombia, Ecuador and Peru | 100 * | 100 | D |
| Arkema Sdn Bhd | 16, 1 st floor, Jalan, USJ 10/1 Uep Subang Jaya 47620 Selangor | Malaysia | Distribution of chemicals | 100 * | 100 | D |
| Arkema Sro | U Tleparny 3 15800 Prague | Czech Republic | Distribution of chemicals in the Czech Republic and Slovakia | 100 * | 100 | D |
| Arkema VE Kimya Sanayi ve ticaret A.S | Ayazaga Mah. Büyükdere Cad. Maslak is Merkezi n°41 K6 34398 Istanbul | Turkey | Distribution of chemicals | 100 * | 100 | D |
| Arkema A/S | Herlev Hovedgade 195 2730 Herlev | Denmark | Distribution of chemicals in northern Europe | 100 * | 100 | D |
| Atofina Argentina S.A | Marcelo T. de Alvear n° 1719 | Argentina | Company in liquidation | 100 * | 100 | |
| Coatex Latin America Comercio de Produtos Quimicos Ltda | Rua Pasteur 463 Cj1004 Ed Jatoba Curitiba PR | Brazil | Production and marketing of chemical products | 100 * | 100 | O |
| Difi 1 | 420, rue d'Estienne d'Orves 92700 Colombes | France | Dormant company | 100 * | 100 | |
| Difi 2 | 420, rue d'Estienne d'Orves 92700 Colombes | France | Dormant company | 100 * | 100 | |
| Elemica Inc | Wayne, Pennsylvania (Suburban Philadelphia) | USA | E-commerce distribution of chemical products | 9 * | 9 | D |

| Company name | Registered office | Country | Business | % stake (* = indirect) | % voting rights | Category O: Operational (industrial or provision of services and commercial) D: Distribution H: Holding company F: Financial |
|---|--|-------------|--|---------------------------|-----------------------|--|
| Elfa Oxychemie S.A | 76 Roherstrasse CH-5001 Aarau | Switzerland | Marketing of hydrogen peroxide | 100 * | 100 | D |
| Exeltium | 79, avenue Raymond Poincaré 75116 Paris | France | Buying and selling of electricity | 14.29 * | 14.29 | |
| Fosfanil S/A | Av. Ibirapuera N° 2033, 4° andar 04029 – 901 Sao Paulo | Brazil | Company in liquidation | 96.58 * | 96.58 | |
| Mempile Inc | 1313 N Market Street, Suite 5100, Wilmington Delaware 19801 | USA | Research and Development | 9 * | 9 | |
| Polimeri Termoplastici Srl (Politerm) | Via E. Melatello 271 47034 Forlimpoli | Italy | Distribution of plastic sheets | 21 * | 21 | D |
| SCI agricole de Parapon | La Saline 30600 Vauvert | France | Operation of land at Parapon (Gard) | 98 * | 98 | |
| Sequoia S.A.S | 420, rue d'Estienne d'Orves 92700 Colombes | France | Dormant company | 100 * | 100 | |
| Société Alsacienne et Lorraine de Sondage | 2 rue Gabriel Peri 54110 Dombasle sur Meurthe | France | Surveying for salt water sources and rock salt | 30.24 * | 30.24 | O |
| Société d'études et de réalisation financières (SERF) | 420, rue d'Estienne d'Orves 92700 Colombes | France | Holding | 100 * | 100 | H |
| Société des Fluides Diélectriques | 420, rue d'Estienne d'Orves 92700 Colombes | France | Distribution of products for the electrical industry | 50 * | 50 | D |
| Soficar | Route de Lagor 64750 Bidos | France | Production and marketing of various forms of carbon and intermediate products | 30 * | 30 | O |
| Vetek S.A | Avenue del libertador 5480 – piso 11 (C1426BXP) Buenos Aires | Argentina | Distribution of chemicals | 60 * | 60 | D |



26 Annexes

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ANNEX 1 – Statutory auditors’ report, prepared in accordance with article L. 225-235 of the French Commercial Code (Code de commerce)

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

KPMG Audit

Département de KPMG S.A.
1, cours Valmy
92923 Paris-La Défense Cedex

*Commissaire aux Comptes
Membre de la compagnie régionale de Versailles*

ERNST & YOUNG Audit

Faubourg de l’Arche
11, allée de l’Arche
92037 Paris-La Défense Cedex

*Commissaire aux Comptes
Membre de la compagnie régionale de Versailles*

Arkema S.A.

Registered office: 420, rue d’Estiennes d’Orves – 92700 Colombes
Share capital: €604,549,730

Statutory auditors’ report prepared in accordance with article L. 225-235 of the French Commercial Code (*Code de commerce*) on the report prepared by the Chairman of the Board of Directors of Arkema S.A.

Year ended 31 December 2008

To the shareholders,

In our capacity as statutory auditors of Arkema S.A., and in accordance with article L. 225-235 of the French Commercial Code (*Code de commerce*), we hereby report on the report prepared by the Chairman of your Company in accordance with article L. 225-37 of the French Commercial Code for the year ending 31 December 2008.

The role of the Chairman is to prepare and propose to the Board of Directors for approval a report describing the internal control and risk management procedures put in place within the Company, and providing the other information required under article L. 225-37 of the French Commercial Code relating in particular to the corporate governance plan.

Our role is to:

- report to you on the information contained in the Chairman’s report in respect of the internal control procedures relating to the preparation and processing of the accounting and financial information;
- confirm that this report contains the other information required under article L. 225-37 of the French Commercial Code, it being specified that it is not our role to ascertain the fairness of this other information.

We conducted our work in accordance with French professional standards.

Information concerning the internal control procedures relating to the preparation and processing of accounting and financial information

Our professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control procedures relating to the preparation and processing of accounting and financial information. These procedures consisted in particular in:

- gaining an understanding of the internal control procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based, as well as of existing documentation;
- gaining an understanding of the work involved in the preparation of this information, as well as of existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our assignment were duly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the Company's internal control procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board in accordance with article L. 225-37 of the French Commercial Code.

Other information

We hereby confirm that the report by the Chairman of the Board of Directors provides the other information required by article L. 225-37 of the French Commercial Code.

Paris la Défense, 5 March 2009

The statutory auditors

French original signed by

KPMG Audit

Département de KPMG S.A.

Bertrand Desbarrières
Partner

Jean-Louis Caulier
Partner

ERNST & YOUNG Audit

François Carrega
Partner

Isabelle Triquéra-Lamazière
Partner

ANNEX 2 – Statutory auditors' report on regulated agreements and commitments

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Arkema S.A.

Registered office: 420, rue d'Estienne d'Orves – 92700 Colombes
Share capital: €604,549,730

Special report by the statutory auditors on regulated agreements and commitments

Year ended 31 December 2008

To the shareholders,

In our capacity as statutory auditors of your Company, we hereby report on the regulated agreements and commitments advised to us.

I. AGREEMENTS AND COMMITMENTS AUTHORIZED BETWEEN 1 JANUARY 2008 AND 4 MARCH 2009

In accordance with article L. 225-40 of the French Commercial Code (*Code de Commerce*), we were advised of the agreements and commitments which were authorized by your Board of Directors.

Our role is not to ascertain whether any other agreements and commitments exist but to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments notified to us. We are not required to comment as to whether these are beneficial or appropriate. It is your responsibility, in accordance with article R. 225-31 of the French Commercial Code, to evaluate the benefits resulting from these agreements and commitments prior to their approval.

We conducted our work in accordance with the professional standards applicable in France. These standards require that we perform the necessary procedures to verify that the information provided to us is consistent with the documentation from which it has been extracted.

With Mr Thierry Le Hénaff, Chairman and Chief Executive Officer of your Company

The Board of Directors meeting on 4 March 2009 amended the terms of the contractual indemnity which would be granted to Mr Thierry Le Hénaff in the event of non-voluntary early termination of his contract, with effect from 15 June 2009, the date of your general meeting. This new agreement supersedes the previous agreement, authorized by the Board of Directors meeting on 4 March 2008 and approved by the general meeting of 20 May 2008, and which was the subject of our previous special report dated 5 March 2008. Under the terms of this agreement, an indemnity would be granted to Mr Thierry Le Hénaff in the event of non-voluntary early termination, the payment of which would be subject to conditions related to the performance by its beneficiary based on four criteria (one safety criterion, two economic criteria, and one stock market criterion), with regard to the Company's performance, and equivalent to three times his total annual gross compensation for the year in question.

Following this decision by the Board of Directors meeting on 4 March 2009 and in accordance with article L. 225-42-1 of the French Commercial Code, in the event of non-voluntary early termination of contract or termination linked to a change of control of the Company or a change of strategy decided by the Board of Directors, and except in the event of serious or gross misconduct, Thierry Le Hénaff shall benefit from a redundancy payment the amount of which shall be calculated on the basis of the fulfilment of the performance conditions by the beneficiary, with regard to the Company's performance, and shall not exceed twice his total annual gross compensation for the year in question.

The performance conditions are based on five criteria: one criterion related to safety (total recordable injury rate), one external criterion (growth in EBITDA margin compared to that of a given reference panel), and three financial criteria (WCR, EBITDA margin, fixed costs). The reference index applicable for the calculation of the five performance criteria shall be the index corresponding to the Arkema Group data at 31 December 2005, and the value of the index at year-end applicable for the calculation of all criteria shall be the index average calculated at Group level over the two accounting periods preceding the date of early termination.

► First criterion: TRIR (total recordable injury rate) shall have dropped by at least 5% (average compound rate) per year between 31 December 2005 and the date at which this performance condition has been fulfilled.

- ▶ Second criterion: the growth in EBITDA margin over sales shall be compared to that of chemical manufacturers in competition with and comparable to ARKEMA. The growth in ARKEMA's EBITDA margin shall be at least equal to the average growth in the EBITDA margins of the companies in the reference panel between 31 December 2005 and the date at which this performance condition has been fulfilled.
- ▶ Third criterion: the year-end working capital requirement (WCR) over annual sales ratio shall have decreased by at least 2.5% (average compound rate) per year between 31 December 2005 and the date at which this performance condition has been fulfilled.
- ▶ Fourth criterion: the EBITDA margin over sales ratio shall have grown by at least 3% (average compound rate) per year between 31 December 2005 and the date at which this performance condition has been fulfilled.
- ▶ Fifth criterion: ARKEMA's consolidated recurring fixed costs, at constant scope of business and exchange rate, shall have dropped by at least 0.5% at current value (average compound rate) per year between 31 December 2005 and the date at which this performance condition has been fulfilled as defined above.

If four or five criteria have been fulfilled, Thierry Le Hénaff shall receive 100% of the sums provided for in the event of early termination of contract.

If three out of five criteria have been fulfilled, Thierry Le Hénaff shall receive 75% of the sums provided for in the event of early termination of contract.

If two out of five criteria have been fulfilled, Thierry Le Hénaff shall receive 50% of the sums provided for in the event of early termination of contract.

If fewer than two criteria have been fulfilled, Thierry Le Hénaff shall receive 0% of the sums provided for in the event of early termination of contract.

II. AGREEMENTS AND COMMITMENTS CONCLUDED IN PRIOR YEARS WHICH REMAINED CURRENT IN THE YEAR ENDED 31 DECEMBER 2008

In accordance with the French Commercial Code, we were advised that the following agreements and commitments, approved in prior years, remained current in the year ended 31 December 2008.

With Mr Thierry Le Hénaff, Chairman and Chief Executive Officer of your Company

In addition to the general pension schemes operated for employees of the Group, Mr Thierry Le Hénaff benefits from a supplementary scheme, financed by the Company and offered to certain executives of the Group, provided that the beneficiary is in the employ of the Company when he comes to retire. Your Board of Directors meeting on 4 July 2006 approved the calculation of accumulated benefits vested by the Chairman and Chief Executive Officer in 2006 as part of this supplementary scheme, whereby the Company's pension liabilities relating to the Chairman and Chief Executive Officer correspond, at 31 December 2008, to an annual retirement pension equal to 17.3% of his current annual compensation.

With the company Arkema France S.A.

The multi-currency syndicated credit facility, approved by your combined general meeting on 10 May 2006, signed between Arkema S.A. and Arkema France on the one hand and a syndicate of banks including among others Calyon, BNP Paribas, ABN AMRO and Citybank International Plc on the other hand remained current during 2008.

This credit facility is renewable, is for a maximum amount of €1.1 billion, and its purpose in particular is to finance, in the form of drawings and bank guarantees, the Arkema Group's general corporate purposes over an initial period of 5 years, with a possible extension of a one-year or two-year period. In February 2008, the credit facility was extended until 31 March 2013, for an amount of €1.049 billion.

Other entities of the Arkema Group are authorized to withdraw cash on this credit facility. The credit facility provides situations for early reimbursement, including a change of control over Arkema S.A. (as defined as the holding, by a person acting solely or together, of a direct or indirect ownership interest representing more than one third of the voting rights of Arkema S.A.); should this clause be triggered by a lender, it could lead to early reimbursement and cancellation of the commitments to this lender.

Paris la Défense, 5 March 2009

The statutory auditors

French original signed by

KPMG Audit

Département de KPMG S.A.

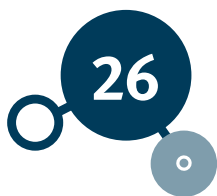
Bertrand Desbarrières
Partner

Jean-Louis Caulier
Partner

ERNST & YOUNG Audit

François Carrega
Partner

Isabelle Triquéra-Lamazière
Partner



ANNEX 3 – Draft agenda of the combined general meeting on June 15 2009

RESOLUTIONS PROPOSED TO THE ORDINARY GENERAL MEETING

- Approval of the Company's financial statements for the year ended 31 December 2008.
- Approval of the consolidated financial statements for the year ended 31 December 2008.
- Allocation of the net income for 2008.
- Special report of the statutory auditors on agreements covered by article L. 225-38 of the French Commercial Code.
- Special report of the statutory auditors on the agreement covered by article L. 225-42-1 of the French Commercial Code.
- Authorization for the Board of Directors to trade shares in the Company.
- Renewal of the directors' terms of office.

RESOLUTIONS PROPOSED TO THE EXTRAORDINARY GENERAL MEETING

- Amendment of article 10.1.2 of the Articles of Association relating to the directors' terms of office.
- Authorization for the Board of Directors to grant subscription or purchase options for the Company's stock to certain employees of the Group and to directors of the Company or Group companies.
- Authorization for the Board of Directors to grant free of charge shares in the Company to Group employees and to directors of the Company or Group companies.
- Delegation of authority granted to the Board of Directors to conduct share capital increases reserved for employees participating in a company savings plan.
- Authorization for the Board of Directors to reduce the share capital by cancelling shares held by the Company.
- Powers for formalities.

ANNEX 4 – Draft resolutions proposed to the combined general meeting on 15 June 2009

The draft proposed resolutions correspond to the draft resolutions included in the notice of meeting of the general meeting on 15 June 2009 published in the *Bulletin des Annonces Légales Obligatoires*.

RESOLUTIONS PROPOSED TO THE ORDINARY GENERAL MEETING

1st and 2nd resolutions: Approval of the financial statements for the year ended 31 December 2008

The purpose of the first resolution is to approve the business operations and annual financial statements of Arkema S.A. for the year ended 31 December 2008.

The purpose of the second resolution, in accordance with the provisions of article L. 225-100 paragraph 3 of the French Commercial Code (Code de commerce) is to submit to the shareholders for approval the consolidated financial statements for the year ended 31 December 2008.

First resolution

(Approval of the financial statements for the year ended 31 December 2008)

Having considered the Board of Directors' reports and the statutory auditors' general report, and voting under the quorum and majority conditions required for ordinary business, the shareholders hereby approve the annual financial statements for the year ended 31 December 2008, together with the business operations reflected therein and summarized in these reports.

Second resolution

(Approval of the consolidated financial statements for the year ended 31 December 2008)

Having considered the Board of Directors' reports and the statutory auditors' report on the consolidated financial statements, and voting under the quorum and majority conditions required for ordinary business, the shareholders hereby approve the consolidated financial statements for the year ended 31 December 2008, together with the business operations reflected therein and summarized in these reports.

For the record, the Company paid the following dividends in the past three years.

| In euros | 2005 | 2006 | 2007 |
|------------------------|------|------|---------------------|
| Net dividend per share | - | - | 0.75 ⁽¹⁾ |

(1) Amounts eligible for the 40% reduction provided for under article 158.3-2° of the French General Tax Code, which is available to those individual taxpayers whose tax residence is in France.

3rd resolution: Allocation of earnings for the year and determination of the dividend

The Board of Directors proposes to the shareholders the distribution of an ordinary dividend of €0.60 per share.

This payment qualifies in full for the 40% reduction provided for under article 158.3-2° of the French General Tax Code, for those eligible shareholders.

The Board of Directors recalls that the dividend paid in the past three years stood at €0.75 per share in respect of 2007.

Third resolution

(Allocation of net income for the year ended 31 December 2008)

The shareholders, voting under the quorum and majority conditions required for ordinary business, hereby acknowledge that the balance sheet as at 31 December 2008 shows a net profit of €93,850,355.10.

The shareholders decide, on a recommendation by the Board of Directors, to appropriate and allocate these earnings, bearing in mind the 60,454,973 shares effective date 1 January 2008 in existence at 31 December 2008, as follows:

| | |
|---|------------------------|
| Net income of the year | €93,850,355.10 |
| Retained earnings from previous year | €93,802,208.38 |
| Total | €187,652,563.48 |
| Dividend | €36,272,983.80 |
| Balance allocated to retained earnings | €151,379,579.68 |

Accordingly, a dividend of €0.60 per share shall be paid. It shall be paid in cash on 22 June 2009.

This payment is eligible for the 40% reduction provided for under article 158.3-2° of the French General Tax Code, which is available to those individual taxpayers whose tax residence is in France.

If at the time of the payment of the dividend, the Company held any treasury shares, the amount corresponding to dividends unpaid with respect to these shares would be allocated to “retained earnings”.

In accordance with the provisions of article 223 quater of the General Tax Code, the shareholders note that no expenses or charges referred to under article 39-4 of the said Code were incurred during the year.

4th and 5th resolutions: Approval of regulated agreements

The fourth and fifth resolutions concern the regulated agreements governed by article L. 225-38 and seq. of the French Commercial Code, authorized by the Board of Directors during 2008 and the first quarter 2009, and which are the subject of a special report by the statutory auditors, as well as the approval of the execution of previously approved agreements.

Fourth resolution

(Agreements governed by article L. 225-38 of the French Commercial Code)

Having considered the statutory auditors' special report on the agreement governed by article L. 225-38 of the French Commercial Code, and voting under the quorum and majority conditions required for ordinary business, the shareholders hereby take due note of and approve the operations mentioned therein.

Fifth resolution

(Agreement governed by article L. 225-42-1 of the French Commercial Code)

Having considered the statutory auditors' special report and voting under the quorum and majority conditions required for ordinary business, the shareholders hereby take due note of and approve in accordance with provisions of article L. 225-42-1 of the French Commercial Code, the agreement mentioned therein with Mr Thierry Le Hénaff, Chairman and Chief Executive Officer.

6th resolution: Authorization to trade shares in the Company

The purpose of the sixth resolution is to grant to the Board of Directors the necessary authorizations to trade Arkema S.A. shares on behalf of the Company in the conditions set by law.

This authorization shall be granted for a period of eighteen months from the date of this Annual General Meeting, and shall terminate, with immediate effect, for its unused portion, the delegation granted by the Combined General Meeting on 20 May 2008.

The objectives of the share buyback program are set out in the resolution submitted to the shareholders' vote.

This authorization may not be used at times of public offering on the Company.

The maximum purchase price would be €30 and the maximum overall purchase amount would be €100 million.

Sixth resolution

(Authorization for the Board of Directors to trade shares in the Company)

Having considered the Board of Directors' report, and voting under the quorum and majority conditions required for ordinary business, the shareholders hereby authorize the Board of Directors, with option of subdelegation of powers, in accordance with articles L. 225-209 and seq. of the French Commercial Code, the general regulation (*Règlement général*) of the French Financial Markets Authority (*Autorité des marchés financiers*) and of the European Commission regulation n°2273/2003 dated 22 December 2003, to purchase shares in the Company or have shares purchased to a maximum of 10% of the total number of shares comprising the share capital, adjusted where applicable for any share capital transactions carried out after this meeting, as follows:

- The maximum purchase price per share may not exceed €30.

The Board of Directors may however adjust the aforementioned purchase price to take into account the impact on the share price of transactions such as a capitalization of share premiums, reserves or earnings giving rise either to an increase in the par value of the shares or to the issuance and allocation of free shares, a stock-split or reverse-stock-split, or any other transaction affecting the shareholders' equity.

- The maximum total amount dedicated to this share buyback program may not exceed €100 million;
- Share purchases made by the Company under this authorization may under no circumstances increase the Company's holding, whether directly or indirectly, to more than 10% of the shares comprising the share capital;
- The shares purchased and kept by the Company shall have no voting rights and no dividend rights;
- The shares may be purchased or transferred at any time, under the conditions and within the limits, particularly volume and price, permitted by law on the date of transaction in question. The shares may be purchased by any and all means, including over-the-counter, by way of block trades or by way of derivatives traded on a regulated or over-the-counter market, under the conditions set out in the stock exchange regulations and at the times the Board of Directors or its delegated representative deem appropriate.

The shares may be purchased for any purpose permitted by law either now or in the future, and notably for the following purposes:

- to implement market practices permitted by the *Autorité des marchés financiers* such as (i) purchasing shares in the Company to keep and subsequently tender as consideration for acquisitions, mergers, spin-offs or asset contributions up to a maximum of 5% of the share capital at the time of the transaction; (ii) purchasing or selling shares under a liquidity agreement that complies with the code of conduct approved by the *Autorité des marchés financiers*,

entered into with an investment services provider; and (iii) any market practice that might in the future be permitted by the *Autorité des marchés financiers* or by law;

- ▶ to implement and honour obligations and more particularly to allot the shares upon the exercise of rights attached to securities giving immediate or future access to the share capital by whatever means, and to cover the Company's (or one of its subsidiaries') existing obligations in connection with such securities, under the conditions permitted by the market authorities and at the times the Board of Directors or its delegated representative deem appropriate;
- ▶ to cover stock option plans granted to employees or directors of the Company or its group;
- ▶ to grant free shares to employees or directors of the Company or its group in the conditions set out under articles L. 225-197-1 and seq. of the French Commercial Code;
- ▶ to offer employees to purchase shares, either directly or through an employee share ownership plan, under the conditions set out by law and particularly articles L. 3332-1 and seq. of the French Labor Code;
- ▶ to cancel shares in order to reduce the Company's share capital.

Each year the Board of Directors shall report to the annual general meeting on all transactions made pursuant to this resolution in accordance with article L. 225-211 of the French Commercial Code.

The shareholders confer full powers, which may be delegated under the conditions set out by law, to the Board of Directors to place, buy and sell orders, enter into contracts, draw up and amend documents, particularly returns, fulfil formalities including allocating or reallocating the shares purchased to the various permitted purposes, file documents with the *Autorité des marchés financiers* and any other institutions, and more generally, do all things necessary.

This authorization is valid for a period of eighteen months with effect from the date of this meeting or until the date of its renewal at an ordinary general meeting prior to expiration of the eighteen-month period. It renders ineffective the unused portion of the authorization granted under the eighth resolution of the Combined General Meeting of 20 May 2008.

7th to 14th resolutions: Renewal of the directors' terms of office.

These resolutions propose that the shareholders renew the director's terms of office of Thierry Le Hénaff, François Enaud, Bernard Kasriel, Laurent Mignon, Thierry Morin, Jean-Pierre Seeuws, Tidjane Thiam and Philippe Vassor for 2- to 4-year terms, in order to allow a better-balanced renewal of directors in accordance with the AFEP-MEDEF corporate governance code.

The implementation of the ability to provide for shorter terms of office than the statutory period is subject to amendment of the provisions of article 10.1.2 of the Articles of Association as set out in

the fifteenth resolution, whereby the directors' terms of office would be increased to four years for this very purpose.

It should be noted that the independence of each director sitting on the Board is reviewed every year by the Board, the last such review having taken place on 20 January 2009.

On a proposal by the nominating and compensation committee, the Board noted that each director fulfilled the independence criteria referred to in the Board's internal regulations and which are those of the AFEP-MEDEF report, except for Mr Thierry Le Hénaff on account of his position as Chairman and Chief Executive Officer of the Company, and Mr Jean-Pierre Seeuws on account of his status as a Group employee in the last five years.

Seventh resolution

(Renewal of director's term of office of Mr Thierry Le Hénaff)

Having considered the Board of Directors' report, and voting under the quorum and majority conditions required for ordinary business, the shareholders hereby resolve to renew the director's term of office of Mr Thierry Le Hénaff for three years, namely until the annual general meeting called to approve the financial statements for the year ending 31 December 2011.

Eighth resolution

(Renewal of director's term of office of Mr François Enaud)

Having considered the Board of Directors' report, and voting under the quorum and majority conditions required for ordinary business, the shareholders hereby resolve to renew the director's term of office of Mr François Enaud for two years, namely until the annual general meeting called to approve the financial statements for the year ending 31 December 2010, upon suspensive condition of the approval of the fifteenth resolution regarding the amendment of article 10.1.2 of the Company's Articles of Association.

Failing approval by the shareholders of the aforementioned fifteenth resolution, the shareholders resolve that the director's term of office of Mr François Enaud will be renewed for the three-year term set out in the Articles of Association, namely until the annual general meeting called to approve the financial statements for the year ending 31 December 2011.

Ninth resolution

(Renewal of director's term of office of Mr Bernard Kasriel)

Having considered the Board of Directors' report, and voting under the quorum and majority conditions required for ordinary business, the shareholders hereby resolve to renew the director's term of office of Mr Bernard Kasriel for four years, namely until the annual general meeting called to approve the financial statements for the year ending 31 December 2012, upon suspensive condition of the approval

of the fifteenth resolution regarding the amendment of article 10.1.2 of the Company's Articles of Association.

Failing approval by the shareholders of the aforementioned fifteenth resolution, the shareholders resolve that the director's term of office of Mr Bernard Kasriel will be renewed for the three-year term set out in the Articles of Association, namely until the annual general meeting called to approve the financial statements for the year ending 31 December 2011.

Tenth resolution

(Renewal of director's term of office of Mr Laurent Mignon)

Having considered the Board of Directors' report, and voting under the quorum and majority conditions required for ordinary business, the shareholders hereby resolve to renew the director's term of office of Mr Laurent Mignon for two years, namely until the annual general meeting called to approve the financial statements for the year ending 31 December 2010, upon suspensive condition of the approval of the fifteenth resolution regarding the amendment of article 10.1.2 of the Company's Articles of Association.

Failing approval by the shareholders of the aforementioned fifteenth resolution, the shareholders resolve that the director's term of office of Mr Laurent Mignon will be renewed for the three-year term set out in the Articles of Association, namely until the annual general meeting called to approve the financial statements for the year ending 31 December 2011.

Eleventh resolution

(Renewal of director's term of office of Mr Thierry Morin)

Having considered the Board of Directors' report, and voting under the quorum and majority conditions required for ordinary business, the shareholders hereby resolve to renew the director's term of office of Mr Thierry Morin for four years, namely until the annual general meeting called to approve the financial statements for the year ending 31 December 2012, upon suspensive condition of the approval of the fifteenth resolution regarding the amendment of article 10.1.2 of the Company's Articles of Association.

Failing approval by the shareholders of the aforementioned fifteenth resolution, the shareholders resolve that the director's term of office of Mr Thierry Morin will be renewed for the three-year term set out in the Articles of Association, namely until the annual general meeting called to approve the financial statements for the year ending 31 December 2011.

Twelfth resolution

(Renewal of director's term of office of Mr Jean-Pierre Seeuws)

Having considered the Board of Directors' report, and voting under the quorum and majority conditions required for ordinary business, the shareholders hereby resolve to renew the director's term of office of Mr Jean-Pierre Seeuws for three years, namely until the annual general meeting called to approve the financial statements for the year ending 31 December 2011.

Thirteenth resolution

(Renewal of director's term of office of Mr Tidjane Thiam)

Having considered the Board of Directors' report, and voting under the quorum and majority conditions required for ordinary business, the shareholders hereby resolve to renew the director's term of office of Mr Tidjane Thiam for two years, namely until the annual general meeting called to approve the financial statements for the year ending 31 December 2010, upon suspensive condition of the approval of the fifteenth resolution regarding the amendment of article 10.1.2 of the Company's Articles of Association.

Failing approval by the shareholders of the aforementioned fifteenth resolution, the shareholders resolve that the director's term of office of Mr Tidjane Thiam will be renewed for the three-year term set out in the Articles of Association, namely until the annual general meeting called to approve the financial statements for the year ending 31 December 2011.

Fourteenth resolution

(Renewal of director's term of office of Mr Philippe Vassor)

Having considered the Board of Directors' report, and voting under the quorum and majority conditions required for ordinary business, the shareholders hereby resolve to renew the director's term of office of Mr Philippe Vassor for four years, namely until the annual general meeting called to approve the financial statements for the year ending 31 December 2012, upon suspensive condition of the approval of the fifteenth resolution regarding the amendment of article 10.1.2 of the Company's Articles of Association.

Failing approval by the shareholders of the aforementioned fifteenth resolution, the shareholders resolve that the director's term of office of Mr Philippe Vassor will be renewed for the three-year term set out in the Articles of Association, namely until the annual general meeting called to approve the financial statements for the year ending 31 December 2011.

RESOLUTIONS PROPOSED TO THE EXTRAORDINARY GENERAL MEETING

15th resolution: Amendment of article 10.1.2 of the Company's Articles of Association

As indicated above, the Board of Directors proposes to the shareholders to amend the first sentence of article 10.1.2 of the Company's Articles of Association in order to extend the term of office of the directors to 4 years and allow a staggered renewal of these appointments.

Fifteenth resolution

(Amendment of article 10.1.2 of the Articles of Association relating to the directors' terms of office)

Having considered the Board of Directors' report, and voting under the quorum and majority conditions required for extraordinary business, the shareholders hereby resolve to amend the first sentence of article 10.1.2 of the Articles of Association in order to extend the term of office of the directors to 4 years and allow a staggered renewal of these appointments.

Consequently, the first sentence of the said article which presently reads as follows:

"Subject to the legal provisions relating to the temporary appointment by the Board of Directors, the term of office of the directors shall be three years."

shall be replaced by the following wording:

"Subject to the legal provisions relating to the temporary appointment by the Board of Directors, the term of office of the directors shall be four years. Exceptionally, in order to allow a staggered renewal of the directors' appointments, the ordinary general meeting that will be held in 2009 to approve the financial statements for the year ending 31 December 2008 and that will be called to renew the terms of office of the directors whose appointments expire can renew them as follows:

- three appointments with a four-year term of office,
- three appointments with a two-year term of office,
- two appointments with a three-year term of office.

The term of office for the appointment of each director will be determined based on their age and the functions they hold within the Board and its Committees."

The remainder of the article shall remain unchanged.

Accordingly, the shareholders duly note the fulfillment of the suspensive condition covered in the eighth, ninth, tenth, eleventh, thirteenth and fourteenth resolutions above.

16th to 18th resolutions: Employee shareholders

ARKEMA is committed to conducting a dynamic employee share ownership policy and to involving in its development its employees. The development of employee loyalty, one of the key principles of the Company's human resources policy, implies the development of skills and the implementation of recognition initiatives such as profit-sharing schemes, employee savings schemes through the Group's Savings Plan (Plan d'Épargne d'Entreprise du Groupe), the allocation of subscription and purchase stock options, and the allocation of free shares.

The sixteenth resolution authorizes the Board of Directors to grant to Group employees and/or directors subscription and purchase stock option plans.

The Board of Directors proposes to the shareholders to limit the total number of options that may be granted in application of this authorization to 5% of the Company's share capital, namely the same level as that authorized by the Combined General Meeting of 10 May 2006. The subscription and purchase stock options granted to

eligible directors of the Company (in the meaning of article L. 225-185 paragraph 4 of the French Commercial Code) shall be subject to one or more performance criteria set by the Board of Directors, which shall also determine the number of options that may be exercised.

The option exercise price shall not be lower than the average, without discount, of the prices on the twenty trading days preceding the day of the allocation of the options. The term of the options shall be for a maximum of ten years.

The seventeenth resolution authorizes the Board of Directors to grant existing shares or shares to be issued free of charge, to employees and/or directors of the Group or some of them. The shares thus granted free of charge to eligible directors of the Company (in the meaning of article L. 225-197-1 II paragraph 1 of the French Commercial Code) shall be subject to one or more performance criteria set by the Board of Directors.

The total number of shares that may be thus granted shall not exceed 3% of the Company's share capital, that is to say the same quota as that authorized by the Combined General Meeting of 10 May 2006. This authorization would be granted for a period of thirty-eight months from the date of this meeting.

With any decision to increase the share capital by a consideration in cash, and excluding those exceptions provided for by law, the Extraordinary General Meeting shall decide on a draft resolution designed to conduct a share capital increase reserved for employees subscribing to a Company Savings Plan (Plan d'Épargne Entreprise) (article L. 225-129-6 paragraph 1 of the French Commercial Code).

Considering the share capital increase that would result from the exercise of subscription options involving a consideration in cash, the shareholders are therefore requested, under the terms of the eighteenth resolution, to renew the authorization granted to the Board of Directors to issue shares and/or other securities reserved for employees participating in a Company Savings Plan. The total number of shares and/or securities giving access to share capital that may be issued in application of the authorization requested from the shareholders shall be capped at 2 million shares. This percentage remains unchanged from that authorized by the Combined General Meeting of 20 May 2008.

Sixteenth resolution

(Authorization to grant subscription or purchase options for the Company's stock to certain employees of the Group and to directors of the Company or other Group companies)

Having considered the Board of Directors' report and the statutory auditors' special report, and voting under the quorum and majority conditions required for extraordinary business, and in accordance with articles L. 225-129-1, L. 225-177 to L. 225-186 of the French Commercial Code, the shareholders hereby authorize the Board of Directors, with option of subdelegation under the terms of the law, to grant, in one or more operations, stock options on the Company's shares under the following conditions.

The beneficiaries shall be employees (in the meaning of articles L. 225-177 and seq. of the French Commercial Code) or eligible directors (in the meaning of article L. 225-185 paragraph 4 of the French Commercial Code) or some of them, of the Company or companies or

groups affiliated thereto in the meaning of article L. 225-180 of the French Commercial Code. The options may be granted by the Board of Directors to all or any of these persons. However, the subscription or purchase options granted to the Company's eligible directors (in the meaning of article L. 225-185 paragraph 4 of the French Commercial Code) will be subject to one or more performance criteria set by the Board of Directors which will determine the number of options that may be exercised.

Each option shall entitle the holders to subscribe for or purchase new or existing ordinary shares as the case may be. The total number of options granted in accordance with this resolution may not entitle holders to subscribe for or purchase more than 5% of the Company's share capital as noted by this General Meeting.

The shares which can be obtained by exercising the purchase options granted in accordance with this resolution shall be acquired by the Company under the terms of article L. 225-208 of the French Commercial Code or article L. 225-209 of the French Commercial Code.

The Board of Directors shall establish the subscription or purchase price of the shares under option on the day the options are granted, in accordance with the conditions of article L. 225-177 of the French Commercial Code for subscription options and of article L. 225-179 of the French Commercial Code for purchase options. In the case of subscription options, this price shall not be lower than the average of the opening prices listed for the Company's share on Euronext during the twenty trading days prior to the day when these options are awarded. As regards purchase options, the purchase price for the beneficiaries shall not be lower than the average purchase price for the shares held by the Company in accordance with articles L. 225-208 and L. 225-209.

If the Company conducts one of the operations provided for under article L. 225-181 of the French Commercial Code, the Board of Directors shall, in the conditions provided for by current regulations, take the necessary measures to protect the interests of the beneficiaries, including, where applicable, by adjusting the number of shares that may be obtained by exercising the options granted to the beneficiaries to take account of the impact of this operation.

The term of the options shall be a maximum of 10 years from the time they are granted by the Board of Directors.

The shareholders hereby note and resolve, as and when necessary, that this authorization calls for shareholders to expressly waive their preferential subscription rights to shares to be issued while options are being exercised in favor of the beneficiaries of the options.

The shareholders hereby give all powers to the Board of Directors, with option of subdelegation under the terms provided for by law, to implement this resolution, and in particular to:

- set, in the conditions and limits set by law, the dates on which the options may be granted;
- determine the list of beneficiaries of options, the number of options allocated to each of them, the terms of the allocation and the exercise of the options;
- set, in the case of options granted to eligible directors of the Company (in the meaning of article L. 225-185 paragraph 4 of the French Commercial Code), one or more performance criteria determining the number of options that may be exercised;

- decide for those options awarded to eligible directors of the Company as referred to under article L. 225-185 of the French Commercial Code, either that they may not be exercised by the people concerned before the termination of their appointment, or set the amount of shares obtained from the exercise of options which the latter will be required to keep as registered shares until the termination of their appointment;
- set the conditions for exercising the options and in particular limit, restrict or forbid the opportunity (a) to exercise the options, or (b) the sale of shares obtained through the exercise of options, during certain periods or in view of certain events, while the Board's decision may concern (i) all or part of the options, and (ii) all or part of the beneficiaries;
- determine the due date, even retroactively, of the new shares resulting from the exercise of the subscription options;
- take, in those cases provided for by law, the necessary measures to protect the interests of the beneficiaries of the options in the conditions provided for by article L. 228-99 of the French Commercial Code;
- provide for the ability to suspend temporarily the opportunity to exercise the options for a maximum period of three months in the event of financial transactions involving the exercise of a right attached to the shares; and
- generally, with option of subdelegation under the terms of the law, conclude all agreements, draw up all documents, duly note share capital increases following the exercise of options, where necessary amend the Articles of Association accordingly, carry out any and all formalities in particular for the purposes of the quotation of securities and any and all declarations to any and all organizations, and take all necessary measures.

In accordance with article L. 225-184 of the French Commercial Code, the Board of Directors each year shall inform the ordinary general meeting of any operations conducted under the terms of this resolution.

This authorization shall be granted for a 38-month period from the date of this meeting and shall render ineffective, with effect from the same date, the authorization granted by the Combined General Meeting of 10 May 2006 in its 24th resolution.

Seventeenth resolution

(Authorization for the Board of Directors to grant shares in the Company free of charge)

Having considered the Board of Directors' report and the statutory auditors' special report, and voting under the quorum and majority conditions required for extraordinary business, and in accordance with articles L. 225-197-1 and seq. of the French Commercial Code, the shareholders hereby authorize the Board of Directors, with option of subdelegation under the provisions of the law, to grant, in one or more operations, existing shares or shares to be issued in the Company free of charge under the following conditions.

The beneficiaries shall be employees or eligible directors (in the meaning of article L. 225-197-11 paragraph 1 of the French Commercial Code), of the Company or companies or groups affiliated thereto in

the meaning of article L. 225-197-2 of the French Commercial Code or certain categories thereof.

However, the shares granted free of charge to the Company's eligible directors (in the meaning of article L. 225-197-1 II paragraph 1 of the French Commercial Code) shall be subject to one or more performance criteria set by the Board of Directors which will in particular determine the number of shares definitively acquired by directors of the Company.

The total number of existing shares or shares to be issued in the Company granted free of charge in accordance with this resolution may not exceed more than 3% of the Company's share capital as noted by this General Meeting.

The Board of Directors shall determine, in accordance with the provisions of the law, with every decision to grant shares:

- the period of acquisition, after which the allocation of the shares shall become definitive, which shall be for a minimum of two years;
- the mandatory period during which the beneficiaries shall keep these Company shares, running from the date of the definitive allocation of the shares, which shall be, for all or any of the shares, for two years, except for those shares subject to an acquisition period of at least four years and for which the mandatory period during which the beneficiaries must keep these shares may be cancelled or reduced.

Existing shares that may be granted under the terms of this resolution shall be acquired by the Company, either as part of article L. 225-208 of the French Commercial Code, or, where applicable, as part of the share buyback program authorized by the shareholders in accordance with article L. 225-209 of the French Commercial Code.

The shareholders hereby authorize the Board of Directors to conduct one or more share capital increases by incorporating in the premiums, capital reserves or profits in order to issue shares that will be allocated free of charge under the conditions provided for in this resolution.

The shareholders take note and resolve, as and when necessary, that, under this delegation, the shareholders shall waive, for the benefit of the beneficiaries of the allocation free of charge of existing shares or shares to be issued, (i) their preferential subscription rights to the shares that will be issued in the course of the definitive allocation of shares, (ii) any right to the shares awarded free of charge on the basis of this delegation, and (iii) any right on the amount of the capital reserves and premiums to which the issuance of the new shares would be allocated, where applicable.

The shareholders hereby give all powers to the Board of Directors, with option of subdelegation under the provisions of the law and within the limits set above, to implement this resolution, and in particular to:

- determine whether the free shares being granted are shares to be issued or existing shares;
- determine the list of the beneficiaries, the allocation criteria, the number of shares to be allocated to each of them, the terms and conditions of the allocation of shares and in particular the period

of acquisition and the period during which the shares so allocated shall be kept;

- set, in the case of shares granted to eligible directors of the Company (in the meaning of article L. 225-197-1 II paragraph 1 of the French Commercial Code), one or more performance criteria;
- decide for those free shares allocated to eligible directors of the Company as referred to under article L. 225-197-1-II of the French Commercial Code, either that they may not be sold by the people concerned before the termination of their appointment, or set the amount of free shares which the latter will be required to keep as registered shares until the termination of their appointment;
- set, in the conditions and limits set by law, the dates on which the free shares shall be allocated;
- decide the due date, even retroactively, of the newly issued shares;
- set the conditions for adjusting the number of free shares allocated; and
- generally, with option of subdelegation under the terms of the law, conclude all agreements, draw up all documents, duly note share capital increases following the definitive allocation of shares, where necessary amend the Articles of Association accordingly, carry out any and all formalities and any and all declarations to any and all organizations, and take all necessary measures.

In accordance with article L. 225-197-4 of the French Commercial Code, the Board of Directors each year shall inform the ordinary general meeting of any free share allocations conducted under the terms of this resolution.

This authorization shall be granted for a 38-month period from the date of this meeting and shall render ineffective, with effect from the same date, the authorization granted by the Combined General Meeting of 10 May 2006 in its 23rd resolution.

Eighteenth resolution

(Delegation of authority granted to the Board of Directors to conduct capital increases reserved for employees participating in a company savings plan)

Having considered the Board of Directors' report and the statutory auditors' special reports, and voting under the quorum and majority conditions required for extraordinary business, the shareholders hereby delegate to the Board of Directors, in accordance with articles L. 225-129-6, L. 228-92, L. 225-138 I and II and L. 225-138-1 of the French Commercial Code and articles L. 3332-1 and seq. of the French Labor Code, with option of subdelegation under conditions set by the law, authority to decide to increase the share capital on its decision alone, in one or more stages, at times and under terms that it will determine, by issuing shares or securities giving access to existing shares or shares to be issued by the Company, reserved for employees and former employees of the Company and companies or groups in France and abroad affiliated thereto in the meaning of the current regulations, who are members of a Company Savings Plan (*Plan d'Épargne d'Entreprise*).

The maximum nominal amount of the share capital increase of the Company, immediate or future, resulting from all the issues executed under this delegation is set at €20 million, it being specified that this ceiling does not take account of the nominal value of the shares in the Company to be issued, as the case may be, in respect of adjustments made in accordance with the law, and, where applicable, of the contractual stipulations to protect the bearers of rights pertaining to the securities giving access to shares in the Company.

Should the subscriptions not absorb the entire share issue, the share capital will only be increased by the amount of shares subscribed.

The shareholders resolve to withdraw to the benefit of employees and former employees referred to in the second paragraph of this resolution the preferential subscription rights of shareholders in shares or securities giving access to shares to be issued under this resolution. The shareholders take formal note that this delegation requires the shareholders to waive their preferential subscription rights to the shares to which the securities that would be issued under this delegation may entitle them.

The shareholders resolve that the subscription price shall be equal to the average of the prices quoted in the twenty trading days prior to the date of the Board of Directors' decision establishing the opening date of subscription, less the maximum discount provided for by law on the day of the Board of Directors' decision, it being specified that the Board of Directors may reduce this discount as it deems appropriate, in particular in the event of an offer to members of a company share savings plan on the international market or abroad in order to fulfil the requirements of current local legislation.

The Board of Directors shall have, with the option of subdelegation under the conditions provided for by law, all powers to implement this resolution, and in particular to:

- set out the characteristics, amounts and terms and conditions of all issuances of shares;
- determine that the subscriptions may be executed directly by the beneficiaries or via collective bodies;
- lay down, in accordance with the law, a list of companies or groups whose employees and former employees may subscribe to shares or securities issued;
- determine the nature and terms and conditions of the share capital increase as well as the terms and conditions of the issuance;
- set the share subscription price and the duration of the subscription period;
- set the conditions of length of service required to be fulfilled by the beneficiaries of new shares or securities resulting from the share capital increase(s) the subject matter of this resolution;
- set the terms and conditions for the issuances of shares and securities that will be executed under this delegation and in particular their effective date and the terms for their payment in full;
- lay down the subscriptions opening date and closing date and collect the subscriptions;
- note the execution of the share capital increase by the issuance of shares corresponding to the amount of the shares actually subscribed;

- on its decision alone and if it deems appropriate, deduct the costs of share capital increases from the amount of premiums relating to these increases, and draw from this amount the sums needed to raise the legal reserve to one tenth of the new capital after each increase;
- do all things necessary to execute and complete share capital increases, perform all related formalities, in particular those relating to the quotation of the shares created, and make the amendments to the Articles of Association relating to these share capital increases, and generally carry out all necessary duties.

This authorization shall be granted for a period of 26 months from the date of this Annual General Meeting. Should it be adopted, it shall render ineffective, from the same date, the authorization granted by the Annual General Meeting of 20 May 2008 under its 15th resolution.

19th resolution: Authorization to reduce the share capital by cancelling shares

The nineteenth resolution grants to the Board of Directors powers to cancel all or any of the shares acquired under the conditions provided for by the sixth resolution and to reduce the share capital correspondingly. This authorization would be given for a twenty-four month period, and is the subject matter of the statutory auditors' special report as required by law.

Making use of the authorization granted by the Combined General Meeting of 5 June 2007, the Board of Directors cancelled 759,567 shares in 2008.

Nineteenth resolution

(Authorization for the Board of Directors to reduce the share capital by cancelling shares held by the Company)

Having considered the Board of Directors' report and the statutory auditors' special report, and voting under the quorum and majority conditions required for extraordinary business, and in accordance with articles L. 225-209 of the French Commercial Code, the shareholders hereby:

- grant all powers to the Board of Directors to cancel, in one or more operations, within the limit of 10% of the Company's share capital, all or any of the Company's shares acquired under the provisions of articles L. 225-209 and seq. of the French Commercial Code;
- decide to deduct the difference between the purchase value of the shares and their par value from the "issue premium" heading or any reserves heading available, including the legal reserve, within the limit of 10% of the share capital reduction carried out;
- grant all powers to the Board of Directors, with option to subdelegate such powers under conditions provided for by law, to carry out a reduction in the share capital resulting from the cancellation of shares and the aforementioned allocation, and to amend the Articles of Association accordingly.

This authorization shall be granted for a period of 24 months from the date of this Annual General Meeting.

Twentieth resolution

(Powers for formalities)

The shareholders hereby grant to the bearer of an original, or a certified correct copy or extract from the minutes of this Annual General Meeting all powers for all procedures of filing and publication and for the execution of all formalities statutory or administrative.

ANNEX 5 – Draft report from the Board of Directors to the combined general meeting of 15 June 2009

We detail below the proposed resolutions which we are submitting to your approval.

RESOLUTIONS PROPOSED TO THE ORDINARY GENERAL MEETING

Approval of the financial statements and allocation of earnings (1st, 2nd and 3rd resolutions)

The Board of Directors is requesting that you approve the 2008 statutory accounts as presented in its management report, together with the business operations reflected or mentioned therein. These statutory accounts show a net income of €93,850,355.10.

We recommend, in the 3rd resolution, that you appropriate and allocate this income, bearing in mind the 60,454,973 shares effective date 1 January 2008 in existence at 31 December 2008, as follows:

| | |
|---|------------------------|
| Net income | €93,850,355.10 |
| Retained earnings from previous year | €93,802,208.38 |
| Total | €187,652,563.48 |
| Dividend | €36,272,983.80 |
| Balance allocated to retained earnings | €151,379,579.68 |

Accordingly, a dividend of €0.60 per share shall be distributed. It shall be paid in cash on 22 June 2009.

This payment would be eligible for the 40% reduction provided for under article 158.3-2° of the French General Tax Code, which is available to those individual taxpayers whose tax residence is in France.

For the record, the Company paid the following dividends in the past three years:

| In euros | 2005 | 2006 | 2007 |
|------------------------|------|------|---------------------|
| Net dividend per share | - | - | 0.75 ⁽¹⁾ |

(1) Amounts eligible for the 40% reduction provided for under article 158.3-2° of the French General Tax Code, which is available to those individual taxpayers whose tax residence is in France.

If, at the time of the payment of the dividend, the Company held any treasury shares, the amount corresponding to dividends unpaid with respect to these shares would be allocated to “retained earnings”.

You will then be asked, with respect to the 2nd resolution, to approve the 2008 consolidated financial statements, in accordance with the provisions of article L. 225-100 of the French Commercial Code.

Regulated agreements governed by article L. 225-38 of the French Commercial Code (4th resolution)

We recommend that you approve the ongoing execution of the agreements governed by article L. 225-38 of the French Commercial Code previously approved, and which are the subject matter of a special report by the statutory auditors.

These relate to the pension commitments concerning the Chairman and Chief Executive Officer, as well as the multi-currency syndicate credit facility agreement concluded in 2006 between Arkema and Arkema France on the one hand and a number of banks on the other, which is renewable, and for a maximum amount of €1.1 billion.

Regulated agreement governed by article L. 225-42-1 of the French Commercial Code (5th resolution)

We recommend, in the fifth resolution, that you approve, in application of article L. 225-42-1 of the French Commercial Code, the agreement in place between the Company and the Chairman and Chief Executive Officer relating to the contractual indemnity in the event of non-voluntary early termination of contract approved by the annual general meetings over the last two years and amended by the Board of Directors meeting on 4 March 2009.

The benefit from this compensation, the maximum amount of which is being reduced, effective 15 June 2009, to a maximum of two years' reference annual compensation, is subject to the fulfilling of the conditions related to the beneficiary's performance evaluated with respect to those of the Company as detailed in the statutory auditors' special report.

Authorization to trade shares in the Company (6th resolution)

We wish to inform you that, as the authorization granted by the General Meeting on 20 May 2008 is due to expire on 20 November 2009, we recommend that you authorize your Board of Directors to trade shares in the Company at a maximum purchase price of €30 per share and for a maximum total amount dedicated to these purchases set at €100 million.

These transactions would be conducted pursuant to article L. 225-209 of the French Commercial Code and in accordance with the provisions of European regulation n°2273/2003 dated 22 December 2003 relating to the terms of application of European directive n° 2003/6/CE dated 28 January 2003.

The shares may be purchased for any purpose permitted by law either now or in the future, and notably for the following purposes:

- ▶ to implement market practices permitted by the *Autorité des marchés financiers* such as (i) purchasing shares in the Company to keep and subsequently tender as consideration for acquisitions, mergers, spin-offs or asset contributions up to a maximum of 5% of the share capital at the time of the transaction; (ii) purchasing or selling shares under a liquidity agreement that complies with the code of conduct approved by the *Autorité des marchés financiers*, entered into with an investment services provider; and (iii) any market practice that might in the future be permitted by the *Autorité des marchés financiers* or by law;
- ▶ to implement and honour obligations and more particularly to allot the shares upon the exercise of rights attached to securities giving immediate or future access to the share capital by whatever means, and to cover the Company's (or one of its subsidiaries') existing obligations in connection with such securities, under the conditions permitted by the market authorities and at the times the Board of Directors or its delegated representative deem appropriate;
- ▶ to cover stock option plans granted to employees or directors of the Company or its Group;
- ▶ to grant free shares to employees or directors of the Company or its Group under the conditions set out in articles L. 225-197-1 and seq. of the French Commercial Code;

- ▶ to offer employees shares to purchase, either directly or through an employee share ownership plan, under the conditions set out by law and particularly in articles L. 3332-1 and seq. of the French Labor Code;
- ▶ to cancel shares in order to reduce the Company's share capital.

This authorization for purchasing shares of the Company may not be used during the period of a public offering on the Company and would be given for a period of eighteen months with effect from the date of this meeting, superseding the authorization granted previously under the eighth resolution at the Combined General Meeting of 20 May 2008.

Renewal of the directors' term of office (7th to 14th resolutions)

In these resolutions, we recommend that you approve the renewal of the director's term of office of Thierry Le Hénaff, François Enaud, Bernard Kasriel, Laurent Mignon, Thierry Morin, Jean-Pierre Seeuws, Tidjane Thiam and Philippe Vassor for 2- to 4-year terms, in order to allow a better-balanced renewal of directors in accordance with the AFEP-MEDEF corporate governance code.

The implementation of the ability to provide for shorter terms of office than the statutory period is subject to amendment of the provisions of article 10.1.2 of the Articles of Association as set out in the fifteenth resolution, whereby the directors' terms of office would be increased to four years for this purpose.

It should be noted that the independence of each director sitting on the Board is reviewed every year by the Board, the last such review having taken place on 20 January 2009.

On a proposal by the nominating and compensation committee, the Board noted that each director fulfilled the independence criteria referred to in the Board's internal regulations and which are those of the AFEP-MEDEF report, except for Mr Thierry Le Hénaff on account of his position as Chairman and Chief Executive Officer of the Company, and Mr Jean-Pierre Seeuws on account of his status as a Group employee in the last five years.

RESOLUTIONS PROPOSED TO THE EXTRAORDINARY GENERAL MEETING

Amendment of article 10.1.2 of the Articles of Association relating to the directors' terms of office (15th resolutions)

As indicated above, we recommend that you approve the amendment to the first sentence of article 10.1.2 of the Company's Articles of Association in order to extend the term of office of the directors to 4 years and allow a staggered renewal of these appointments.

Authorization to grant subscription or purchase options on the Company's share (16th resolution)

We also recommend that you authorize your Board of Directors to grant in one or more operations to members of personnel that it would determine among employees and directors of the Company or companies or groups affiliated thereto in conditions covered by article L. 225-180 of the French Commercial Code, options to subscribe or purchase shares in the Company.

The total number of options that may be granted in application of this resolution shall be limited to a total number of shares that can be purchased or subscribed corresponding to 5% of the Company's share capital, as noted at this general meeting.

However, the subscription and purchase stock options granted to eligible directors of the Company (in the meaning of article L. 225-185 paragraph 4 of the French Commercial Code) shall be subject to one or more performance criteria set by the Board of Directors, who shall also determine the number of options that may be exercised.

The subscription or purchase price of the shares under option shall be determined on the day the options are granted by the Board of Directors in accordance with the law. However, in the case of subscription options, this price shall not be lower than the average of the opening prices listed for the Company's share on Euronext during the twenty trading sessions prior to the day when these options are granted. As regards purchase options, the purchase price for the beneficiaries shall not be lower than the average purchase price for the shares held by the Company in accordance with articles L. 225-208 and L. 225-209.

In accordance with article L. 225-177 of the French Commercial Code, no stock option may be granted:

- less than twenty trading days following the ex-dividend date or ex-right date for a share capital increase;
- within the period between the ten trading days preceding and following the date of publication of the consolidated financial statements, or in the absence thereof, the annual financial statements;
- within the period between the date on which the Company's management bodies receive information which, should it fall in the public domain, could have a significant impact on the Company's share price, and the date following the ten trading days when this information was made public.

This authorization would require the shareholders to waive, in favour of the beneficiaries of stock options, their preferential subscription rights to shares that may be issued as the options are being exercised.

This authorization would be granted for a 38-month period from the date of this meeting and would render ineffective, with effect from the same date, the authorization of the same nature granted by the combined general meeting of 10 May 2006.

Authorization for the Board of Directors to grant free shares of the Company (17th resolution)

This resolution authorizes the Board of Directors to grant, in one or more operations, shares in the Company free of charge, to Group employees and to directors of the Company or companies affiliated thereto in the meaning of article L. 225-197-2 of the French Commercial Code. The total number of existing shares or shares to be issued in the Company under this resolution may not exceed 3% of the Company's share capital, as noted at this Annual General Meeting.

However, the shares granted free of charge to the Company's eligible directors (in the meaning of article L. 225-197-1 II paragraph 1 of the French Commercial Code) shall be subject to one or more performance criteria set by the Board of Directors which will determine the number of shares definitively acquired by directors of the Company.

The Board of Directors shall determine, in accordance with the provisions of the law, with every decision to grant shares, in particular:

- the period of acquisition, after which the allocation of the shares shall become definitive, which shall be for a minimum of two years;
- the mandatory period during which the beneficiaries must keep these Company shares, running from the date of the definitive allocation of the shares, which shall be, for all or any of the shares, for two years, except for those shares subject to an acquisition period of at least four years and for which the mandatory period during which the beneficiaries must keep these shares may be cancelled or reduced.

The shares granted free of charge may be either existing shares or new shares issued through a share capital increase. We would remind you that in accordance with article L. 225-197-1 of the French Commercial Code, where applicable, the share capital increase resulting from the issuance of new shares granted free of charge would be conducted by incorporating in the capital reserves, profits or issue premiums, and that such a share capital increase entails the shareholders waiving their preferential subscription rights in favour of the beneficiaries of the granted free shares.

This authorization would be granted for a 38-month period from the date of this meeting and would render ineffective, with effect from the same date, the authorization of the same nature granted by the Combined General Meeting of 10 May 2006.

Delegation of authority to conduct share capital increases reserved for employees participating in a company savings plan (18th resolution)

This resolution, presented in application of article L. 225-129 and seq. and L. 225-138-1 of the French Commercial Code and of articles L. 3332-1 and seq. of the French Labor Code, authorizes the Board of Directors to issue shares and/or other securities giving

access to share capital issued by the Company and reserved for employees participating in a Company Savings Plan.

For any a decision to increase the share capital through contribution in cash, and excluding the exceptions provided for by the law, the extraordinary general meeting must decide on a proposed resolution designed to increase the share capital reserved for employees participating in a company savings plan (article L. 225-129-6 paragraph 1 of the French Commercial Code).

In accordance with the provisions of article L. 225-138-1 of the French Commercial Code, this resolution requires the shareholders to waive their preferential subscription rights to shares, in favour of those employees participating in a company savings plan with Arkema or companies affiliated to Arkema in the meaning of article L. 225-180 of the French Commercial Code and article L. 3344-1 of the French Labor Code.

Subscriptions may be made by employees participating in an Arkema company savings plan or by way of direct shareholding in those countries where such instruments are not available. The total number of shares and/or securities giving access to the share capital that may be issued in application of the authorization sought from the shareholders is capped at 2 million shares.

In application of article L. 3332-19 of the French Labor Code, the subscription price may neither exceed the average prices of shares in the Company quoted in the twenty trading days prior to the date of the Board of Directors' decision, nor be below this average less the maximum discount provided for by law.

This authorization would be granted for a period of 26 months from the date of this Annual General Meeting. Should it be adopted, it would be terminated, from the same date, the authorization granted by the annual general meeting of 20 May 2008.

Authorization for the Board of Directors to reduce the share capital by cancelling shares held by the Company (19th resolution)

In order to make use of all the possibilities offered by the law (article L. 225-209 paragraph 2 of the French Commercial Code), we recommend that you approve a resolution authorizing your Board of Directors to cancel as it deems appropriate, within the limit provided for by the law, shares held by the Company.

This authorization shall be granted for a period of 24 months from the date of this Annual General Meeting.

In 2008, the Board of Directors made use of the authorization granted by the combined general meeting of 5 June 2007 by cancelling 759,567 shares in the Company.

Powers for formalities (20th resolution)

You are being requested in this resolution to grant to the bearer of an original, or a certified correct copy or extract from the minutes of the Annual General Meeting all powers for the execution of all formalities statutory or administrative.

The proposed resolutions presented comprise the main points of this report, and we would thank you for adopting them.

The Board of Directors

ANNEX 6 – Statutory auditors’ report on the delegations granted by the general meeting to the Board of Directors.

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France

KPMG Audit

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Commissaire aux Comptes

Membre de la compagnie régionale de Versailles

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92037 Paris-La Défense Cedex

Commissaire aux Comptes

Membre de la compagnie régionale de Versailles

Arkema

Combined general meeting on 15 June 2009

Statutory auditors’ report on the operations subject of the resolutions proposed to the extraordinary general meeting

To the shareholders,

In our capacity as statutory auditors of your Company and in compliance with the assignments entrusted to us by the French Commercial Code (*Code de commerce*), we hereby report to you on the operations which are submitted to your approval.

I. AUTHORIZATION TO GRANT SUBSCRIPTION OR PURCHASE STOCK OPTIONS TO SOME EMPLOYEES AND DIRECTORS OF THE COMPANY

In compliance with the assignment entrusted to us by the provisions of articles L. 225-177 and R. 225-144 of the French Commercial Code, we hereby report to you on the authorization to grant subscription or purchase stock options to employees or eligible directors of the Company (in the meaning of article L. 225-185 paragraph 4 of the French Commercial Code) or to some of them, within your Company or companies or groups affiliated thereto in conditions covered by article L. 225-180 of the French Commercial Code.

It is the responsibility of your Board of Directors to prepare a report detailing the reasons for the grant of subscription or purchase stock options as well as the principles proposed to determine the subscription or purchase price of the shares under option. It is our

responsibility to express our opinion on the principles proposed to determine the subscription or purchase price of the shares under option.

We have performed the procedures we considered necessary in accordance with the professional standards applicable in France relating to this assignment. These procedures consisted in verifying that the principles proposed to determine the subscription or purchase price are mentioned in the Board of Directors’ report, are in conformity with the provisions of the law, are likely to inform the shareholders and are obviously not inappropriate.

We have no matters to report on the proposed principles.

II. GRANT FREE OF CHARGE OF EXISTING SHARES OR SHARES TO BE ISSUED TO THE BENEFIT OF EMPLOYEES AND DIRECTORS

In compliance with the assignment entrusted to us by the provisions of article L. 225-197-1 of the French Commercial Code, we hereby report to you on the grant free of charge of existing shares or shares to be issued to employees or eligible directors (in the meaning of article L. 225-197-1 II paragraph 1 of the French Commercial Code) of the company Arkema and companies affiliated thereto in the meaning of article L. 225-197-2 of the French Commercial Code.

Your Board of Directors proposes you to authorize it to grant free of charge either existing shares or shares to be issued. It is its responsibility to prepare a report on this operation that it wishes to conduct. It is our responsibility to report, when necessary, our

observations on the information that are given to you on this operation.

We have performed the procedures we considered necessary in accordance with the professional standards applicable in France relating to this assignment. These procedures consisted, in particular, in verifying that the principles proposed and mentioned in the Board of Directors' report, are in line with the provisions of the law.

We have no matters to report on the information given in the Board of Directors' report on the considered operation of granting free shares.

III. SHARE CAPITAL INCREASE WITHOUT PREFERENTIAL SUBSCRIPTION RIGHT RESERVED TO MEMBERS OF A COMPANY SAVINGS PLAN

In compliance with the assignment entrusted to us by the provisions of the French Commercial Code and particularly articles L. 225-135, L. 225-138 and L. 228-92, we hereby report to you on the proposal to delegate to the Board of Directors the authority to decide to increase the share capital, in one or more transactions, by issuing shares or securities giving access to existing shares or shares to be issued by your Company, without preferential subscription right for a maximal nominal amount of €20 million, reserved to employees and former employees of your Company and affiliated companies or groups in France or abroad in the meaning of current laws in force, who are members of Arkema's Company Savings Plan or via direct share ownership in countries where these instruments may not be available, operation which is submitted to your approval.

These share capital increases are submitted to your approval in accordance with the provisions of articles L. 225-129-6 of the French Commercial Code and L. 3332-18 and seq. of the French Labor Code.

Your Board of Directors proposes you, on the basis of its report, to delegate to him, with the option of subdelegation under the conditions provided for by law, for a period of 26 months from the date of the this Annual General Meeting, the authority to decide to increase the share capital in one or more transactions and to waive your preferential subscription right to the shares to be issued. If need be, it is his responsibility to set the definitive conditions of these operations.

It is the responsibility of your Board of Directors to issue a report in accordance with articles R. 225-113, R. 225-114 and R. 225-117 of the French Commercial Code. It is our responsibility to express an opinion on certain information included in this report, and on the proposal to cancel the preferential subscription right.

We have performed the procedures we considered necessary in accordance with the professional standards applicable in France relating to this assignment. These procedures consisted, in particular, in verifying the information provided in the Board of Directors' report relating to this operation and the principles defined to determine the subscription price of the shares to be issued.

Subject to further review of the terms of share capital increases that may be decided, we have no matters to report on the principles defined to determine the subscription price of the shares to be issued given in the Board of Directors' report.

As the amount of the subscription price of the shares to be issued is not set yet, we do not give any opinion on the final conditions in which potential share capital increases will be conducted and, accordingly, on the proposal of cancelling the shareholders' preferential subscription right.

In accordance with the provisions of article R. 225-116 of the French Commercial Code, we will issue an additional report, as need be, when your Board of Directors makes use of this delegation.

IV. REDUCTION OF SHARE CAPITAL BY CANCELLATION OF SHARES HELD BY THE COMPANY

In compliance with the assignment entrusted to us by the provisions of article L. 225-209 paragraph 7 of the French Commercial Code, in the case of a share capital decrease by cancellation of purchased share, we prepared a report to express our opinion on the reasons and conditions of the considered share capital decrease.

We have performed the procedures we considered necessary in accordance with the professional standards applicable in France relating to this assignment. These procedures consisted in verifying that the reasons and conditions of the considered share capital decrease are regular.

This operation is part of the purchase by your Company, within the limit of 10% of its share capital, of its own shares, in the conditions provided for in article L. 225-209 of the French Commercial Code.

This authorization to purchase shares is submitted to the approval of your Annual General Meeting and should be given for a period of 18 months.

Your Board of Directors proposes you to delegate to him for a period of 24 months from the date of this Annual General Meeting, in respect of the use of the authorization to trade shares in the Company, all powers to cancel, within the limit of 10% of the share capital, the shares thus acquired.

We have no matters to report on the reasons and conditions of the considered share capital decrease, bearing in mind that this operation can only be conducted if your general meeting approves the purchase by your Company of its own shares.

Paris-La Défense, 17 April 2009

The statutory auditors

French original signed by

KPMG Audit
Département de KPMG S.A.
Jean-Louis Caulier
Partner

ERNST & YOUNG Audit
François Carrega
Partner

ANNEX 7 – Additional report from the Board of Directors on the use in 2008 of financial delegations granted by the general meeting of shareholders

ARKEMA

A French joint stock company (*Société anonyme*) with a share capital of €610,722,850
Registered office: 420, rue d'Estienne d'Orves 92700 Colombes
Trade and Companies Register (RCS) 445 074 685 Nanterre

Additional report from the Board of Directors on the use in 2008 of the delegation of authority granted by the shareholders regarding the 22nd resolution of the combined general meeting of 10 May 2006 (article R. 225-116 of the French Commercial Code (*Code de commerce*))

We would remind you that the combined general meeting of 10 May 2006 delegated to the Board of Directors, in its twenty-second resolution, in accordance with article L. 225-138-1 of the French Commercial Code (*Code de commerce*), authority to proceed with capital increases by way of issuance of securities giving access to shares in the Company, reserved for employees and former employees of the Company and affiliated companies in accordance with the provisions of article L. 225-180 of the French Commercial Code and article L. 444-3 of the French Labor Code (*Code du travail*) and who invest in a company savings plan.

In accordance with the provisions of article R. 225-116 of the French Commercial Code, the Board of Directors is required to prepare an additional report setting out the definitive terms of the operation and describing the impact of this share capital increase on a shareholder's situation.

I. Use by the Board of Directors of the delegation of authority granted by the combined general meeting of 10 May 2006 in its 22nd resolution with a view to proceeding with share capital increases for the benefit of employees who invest in a company savings plan

The Board of Directors meeting on 17 January, implementing the 22nd resolution of the combined general meeting of 10 May 2006, approved the principle of increasing the Company's share capital by way of an issue of securities giving access to shares in the Company, with withdrawal of the shareholders' preferential subscription rights for the benefit of those employees investing in a company savings plan set up by the Company and companies in France and abroad affiliated to it under the terms of article L. 225-180 of the French Commercial Code and of article L. 444-3 of the French Labor Code.

The Board of Directors decided to set the maximum number of shares to be issued at a maximum nominal amount of €20 million.

The Board of Directors meeting on 4 March set the subscription price of the new shares at €30.42, in accordance with the provisions of article L. 443-5 of the French Labor Code, with a 20% discount on the average of the share prices quoted in the 20 trading days preceding the day when the price was set, set the subscription period to run from 25 March 2008 to 13 April 2008 inclusive, and delegated to the Chairman and Chief Executive Officer the right to take due note of the definitive completion of the share capital increase operation at the close of the subscription period and to carry out all steps to ensure its effective completion, conduct the formalities required by the operation, in particular regarding the quotation of the new shares, amend the Articles of Association accordingly, and, generally, take all necessary steps.

Beneficiaries in France subscribed to the operation via the "Arkema Actionnariat France Relais 2008" FCPE mutual fund. Beneficiaries in Germany, Belgium, Brazil, Canada, China, Spain, India, Mexico, Netherlands, Poland, United Kingdom, Singapore and Switzerland subscribed to the operation via the "Arkema Actionnariat International Relais 2008" FCPE mutual fund. Beneficiaries in South Korea, Denmark, Italy, Japan and the United States subscribed directly.

Consequently, the Chairman and Chief Executive Officer reported to the Board of Directors on the use of the delegation of authority granted to him.

The Chairman and Chief Executive Officer on 30 April 2008:

duly noted that:

- the subscription applications corresponded to a share capital increase with a nominal amount below the ceiling of the share capital increase set by the Board of Directors, i.e. €20 million, and therefore did not give rise to a reduction in subscriptions;

- the total number of new shares issued in accordance with this share capital increase reserved for those employees investing in a company savings plan amounted to 618,462 new shares, i.e. a share capital increase of €6,184,620 given the €10 nominal share value;
- the amount of issue premium related to this share capital increase amounted to €12,628,994.04;
- the subscriptions made via the “Arkema Actionnariat France Relais 2008” FCPE mutual fund, the “Arkema Actionnariat International Relais 2008” FCPE mutual fund, and directly were fully paid up;

and accordingly decided to:

- (i) increase the Company’s share capital from €604,538,230 to €610,722,850;
- (ii) amend Article 6 of the Articles of Association as follows:

“Article 6 – Share Capital

The share capital has been set in the sum of six hundred and ten million seven hundred and twenty-two thousand eight hundred and fifty euros (€610,722,850) divided into sixty-one million seventy-two thousand two hundred and eighty-five fully paid up same-category shares (61,072,285).

The nominal value of the shares may be obtained by dividing the share capital amount by the number of shares.

The share capital can be increased or reduced by joint decision of the shareholders in accordance with the terms and conditions laid down by the law and by these Articles of Association.”

- (iii) allocate the costs related to the share capital increase to the amount of premiums related thereto;
- (iv) draw from this amount all sums necessary to bring the legal reserve up to one tenth of the new share capital.

The total amount of the share capital increase including the issue premium amounted to €18,813,614.04. It should be noted that the newly issued shares are fully comparable to existing shares, and will bear interest from 1 January 2007, with entitlement to dividends for the year ended 31 December 2007.

II. Impact of the share capital increase on a shareholder’s situation

A shareholder who has not subscribed to this issue and who holds 1% of the Company’s share capital before 30 April 2008, i.e. 604,538 shares with a €10 nominal value, following the execution of the share capital increase, i.e. 30 April 2008, sees his/her shareholding in the Company change as follows:

| | Shareholder’s shareholding in % of share capital (undiluted basis) | Shareholder’s shareholding in % of share capital (diluted basis) ⁽¹⁾ | Total number of shares (undiluted basis) | Total number of shares (diluted basis) ⁽¹⁾ |
|---|--|---|--|---|
| Before issue of new shares from share capital increase operation | 1% | 0.98% | 60,453,823 | 61,858,138 |
| Following issue of new shares from share capital increase operation | 0.99% | 0.97% | 61,072,285 | 62,476,600 |

(1) These calculations are based on the assumption of all shares issued giving access to the share capital (share options, free share allocation, etc.).

The calculations presented in paragraphs II and III take no account of the impact of the shares bought back by the Company over the period 17 January 2008 to 31 March 2008 (300,830 shares amounting to €10.4 million).

III. Impact of the portion of consolidated shareholders' equity and of the Company's shareholders' equity on the holder of one share

| | Portion of consolidated shareholders' equity (in euros) at 31 December 2007 (undiluted basis) | Portion of Company shareholders' equity (in euros) at 31 December 2007 (undiluted basis) | Portion of consolidated shareholders' equity (in euros) at 31 December 2007 (diluted basis) ⁽¹⁾ | Portion of Company shareholders' equity (in euros) at 31 December 2007 (diluted basis) ⁽¹⁾ |
|---|---|--|--|---|
| Before issue of new shares from share capital increase operation | 31.66 | 29.95 | 31.62 | 29.95 |
| Following issue of new shares from share capital increase operation | 31.34 | 29.65 | 31.31 | 29.65 |

(1) These calculations are based on the assumption of all shares issued giving access to the share capital (share options, free share allocation, etc.).

IV. Theoretical impact of the share capital increase on the stock market value of the share

The theoretical impact of the share capital increase on the current stock market value of the share as resulting from the weighted average between the average of the previous twenty trading sessions and the subscription price, is as follows:

| | Undiluted basis in euros | Diluted basis ⁽¹⁾ in euros |
|---|--------------------------|---------------------------------------|
| Following the issue of 618,462 new shares | 37.94 | 37.94 |

(1) These calculations are based on the assumption of all shares issued giving access to the share capital (share options, free share allocation, etc.).

Colombes, 13 May 2008

The Board of Directors

ANNEX 8 – Statutory auditors’ report on the use in 2008 of delegations granted by the general meeting of shareholders to the Board of Directors

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

KPMG Audit

Département de KPMG S.A.
1, cours Valmy
92923 Paris-La Défense Cedex

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

ERNST & YOUNG Audit

Faubourg de l’Arche
11, allée de l’Arche
92037 Paris-La Défense Cedex

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

Arkema

Board of Directors meeting on 13 May 2008

Additional statutory auditors’ report on the Company’s share capital increase with cancellation of the preferential subscription right reserved for those employees contributing to a company savings plan

To the shareholders,

In our capacity as statutory auditors of your Company and in application of the provisions of article R. 225-116 of the French Commercial Code (*Code de commerce*), we hereby present to you a further report in addition to the special report prepared by KPMG Audit dated 25 April 2006 on the issuance of equity or financial instrument securities with cancellation of preferential subscription right, as authorized by your combined general meeting of 10 May 2006.

This meeting had delegated to your Board of Directors the authority to decide to proceed with such operation within a period of twenty-six months and for a maximum nominal amount of €20,000,000.

Making use of this delegation, your Board of Directors, meeting on 17 January 2008, approved the principle of a company share capital increase by issuing equity securities or financial instruments giving access to the Company’s share capital, with cancellation of the preferential subscription right for the benefit of those employees contributing to a savings plan of the Company and companies in France and abroad affiliated to it under the terms of article L. 225-180 of the French Commercial Code and of article L. 444-3 of the French Labor Code. The Board of Directors, meeting on 4 March 2008, set the share subscription price at €30.42, and granted to the Chairman and Chief Executive Officer the authority to take due note of the definitive completion of the share capital increase operation at the close of the subscription period. The Chairman and Chief Executive Officer on 30 April 2008 duly noted that the total number of new shares issued as part of this share capital increase operation amounted to 618,462 new shares, i.e. €6,184,620 increase in share capital given the €10 nominal share value; he further noted that the amount of the issue premium relating to this share capital increase operation amounted to €12,628,994.04.

The role of your Board of Directors is to issue a report in accordance with articles R. 225-115 and R. 225-116 of the French Commercial Code. Our role is to express an opinion on the authenticity of the figures taken from the accounts, on the proposed cancellation of preferential subscription rights, and on certain other matters concerning the share issue, as given in this report.

We performed the procedures which we deemed necessary in accordance with the accounting professional standards applicable in France relating to this assignment. The procedures consisted in verifying:

- the authenticity of the figures taken from the annual and consolidated financial statements agreed by the Board of Directors. These financial statements were audited by ourselves in accordance with the professional standards applicable in France;
- the conformity of the methods of the operation as per the delegation of authority granted by the general meeting and the authenticity of the information provided in the additional report by the Board of Directors on the choice of elements for the calculation of the issue price and on its amount.

We have no matters to report regarding:

- the authenticity of the figures taken from the Company's accounts and provided in the additional report by the Board of Directors, it being specified that the annual and consolidated financial statements have yet to be approved by your general meeting;
- the conformity of the methods of the operation as per the delegation of authority granted by the combined general meeting of 10 May 2006 and the indications provided to this meeting;
- the proposed cancellation of the preferential subscription right on which you had previously agreed a decision, the choice of elements for the calculation of the issue price, and its definitive amount;
- the presentation of the impact of the issuance on the situation of holders of share capital securities and financial instruments giving access to the share capital, appraised in relation to the share capital and the stock market value of the share.

Paris-la Défense, 13 May 2008

The statutory auditors

French original signed by

KPMG Audit

Département de KPMG S.A.

Bertrand Desbarrières

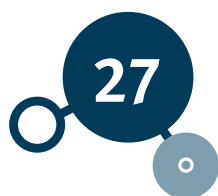
ERNST & YOUNG Audit

François Carrega



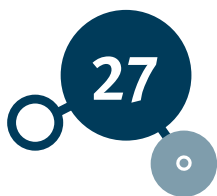
27 Glossary

| Term | Definition |
|---|---|
| Acrylic acid | An acid derived from propylene and mainly used as an intermediate in the preparation of superabsorbents and derivatives used in the manufacture of paint, ink and glue. |
| Acrylic esters | Acrylic acid esters. |
| Activated carbon | Processed charcoal used for its properties as an adsorption agent (i.e. the retention of molecules of a gas or a substance in solution or suspension on the surface of a solid). |
| Alkylamines and alkylalcanolamines | Amines used as synthesis intermediates. |
| Amines | A compound obtained by substituting monovalent hydrocarbon radicals for one of the hydrogen atoms of ammonia. |
| Amino 11 – undecanoic acid | A polyamide 11 monomer. |
| Arkema's Businesses | The Vinyl Products, Industrial Chemicals, and Performance Products businesses. |
| CEFIC | European Chemical Industry Council. |
| CH₄ | Methane. |
| Chloromethane | A molecule obtained by substituting one atom of chlorine for one of the hydrogen atoms of methane. It is used mainly in the manufacture of fluorinated derivatives and silicones. |
| CO | Carbon monoxide. |
| CO₂ | Carbon dioxide. |
| COD | Chemical oxygen demand. A parameter for measuring water pollution by organic compounds, whose decomposition consumes oxygen. |
| Controlled oxidation | The oxidation reaction carried out under particular conditions and/or with catalysts, as opposed to total oxidation or combustion. |
| Co-polyamide | A polyamide obtained from two or more types of monomer. |
| Cross-linking | The modification of a linear polymer into a three-dimensional polymer by creating crosslinks. |
| Debottlenecking | A modification made to an industrial installation in order to increase production capacity. |
| Depth of interruptibility | In electricity consumption, the ratio between interruptible MWh and total MWh subscribed to. |
| Diatomites | Unicellular micro-organisms used in their fossil state (diatomites) by the chemical industry for their properties as filter aid. |
| Diethylphthalate or DOP | An ester made from phthalic anhydride and mainly used as a plasticizer. |
| DMDS | Abbreviation for dimethyldisulfide. |
| EDA | Refers to copolymers and terpolymers made from ethylene and acrylic esters. |
| EDC | The ISO code for dichloroethane. |
| Elf Spin-Off | The contribution by Elf Aquitaine of shareholdings held in entities carrying out Arkema Businesses. |

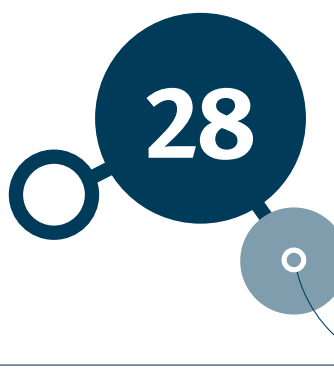


| Term | Definition |
|-------------------------------|--|
| EMAS | Eco-Management and Audit Scheme. A European regulation (Eco Audit) that defines the criteria for implementing an environmental management system in companies. |
| Esterification | The formation of an ester through the reaction of an acid with an alcohol. |
| First trading | The admission to trading of Arkema S.A.'s shares on Euronext™, which took place on Thursday 18 May 2006, at 00:00 A.M.. |
| Functional polyolefins | Ethylene-derived polymers used as binding agents in multilayer food packaging and other industrial applications. |
| GHGs | Greenhouse gases. |
| Grafted polyolefins | Grafted olefin-based polymers. |
| H₂S | Hydrogen sulfide. |
| HCFCs | Hydrochlorofluorocarbons. |
| HCFC 142b | Hydrochlorofluorocarbon precursor of VF2. |
| Heat stabilizers | Additives used to improve a polymer's resistance to heat. |
| HF | Hydrofluoric acid. |
| HFCs | Hydrofluorocarbons. Hydrogen-, carbon- and fluorine-based products that are mainly used in refrigeration as substitutes to CFCs (chlorofluorocarbons), following the introduction of the Montreal Protocol. |
| Hydrazine hydrate | A nitrogen-, hydrogen- and water-based product used as an intermediate in agrochemicals, pharmaceuticals, chemical synthesis, water treatment and blowing agents for plastics and elastomers. |
| ICCA | International Council of Chemical Associations. |
| Impact modifiers | Additives introduced into certain products, in particular PVC, to make them more impact-resistant. |
| Initiators | Products used to initiate chemical reactions. |
| Interface agents | Products used in the formulation of additives. |
| ISO 14001 | An international standard that defines the criteria for introducing an environmental management system in companies. |
| Kyoto Protocol | An international agreement between 84 countries on 11 December 1997 in Kyoto (Japan), which is complementary to the Convention on Climate Change of May 1992 within the framework of the United Nations (known as UNFCCC – United Nations Framework Convention on Climate Change). The Kyoto Protocol came into force on 16 February 2005. |
| Lactame 12 | The polyamide 12 monomer. |
| Maleic anhydride | A benzene derivative mainly used in the manufacture of plasticizers and as a synthesis intermediate. |
| Mercaptans | Thio-alcohols and phenols. |
| Merger | Refers to the merger of S.D.A. with and into Arkema S.A. |
| Methyl methacrylate | An essential raw material in the manufacture of polymethyl methacrylate (PMMA) for the automotive, construction and equipment industries. Methyl methacrylate is used not only in the manufacture of PMMA, but also in the fields of acrylic emulsions and plastic additives. |
| Methylmercaptan | A mercaptan mainly used as an intermediate in the synthesis of methionine (an amino acid used in animal feed), but also as a raw material for various sulfur derivatives. |
| Mineral charges | Mineral additives introduced into the composition of certain products in order to modify their properties. |
| MIS | Refers to organic materials in suspension. These are solid particles present in water that can be retained by physical or mechanical means (filtration and sedimentation). |
| Molecular sieves | Synthesized mineral products used to purify liquids and gases by the selective adsorption of molecules. |
| N₂O | Nitrogen protoxide. A gas produced by certain processes and also present in emissions from furnaces. |
| NH₃ | Ammonia. |
| NOX | The family of nitrogen oxides, produced mainly by combustion processes. |
| Organic peroxides | Oxidizing organic products used as initiators for polymerization and as crosslinking agents. |
| Oxo-alcohols | Alcohols derived from propylene and used as synthesis intermediates. |
| Oxygenated solvents | Substances such as alcohols, ketones and ethers that contain oxygen atoms and have the ability to dissolve other substances without modifying them chemically. |

| Term | Definition |
|---|---|
| PEKK | Polyether ketone ketone |
| Perlite | A natural silicate of volcanic origin used in industry for its properties as a filter aid. |
| PET | The ISO code for polyethylene terephthalate. |
| PEX | The ISO code for crosslinked polyethylene. |
| Phthalic anhydride | An orthoxylene derivative mainly used in the manufacture of plasticizers and as a synthesis intermediate. |
| PMMA | The ISO code for polymethyl methacrylate. |
| Polyamide | A polymer obtained by the reaction of a di-acid on a di-amine, or from the polymerization of a monomer having both an acid and an amine function. |
| Polyamide 11 or PA 11 and polyamide 12 or PA 12 | Thermoplastic polyamides, whose monomers have 11 and 12 carbon atoms, respectively. |
| Polyethylene | A plastic obtained by the polymerization of ethylene. |
| Polymerization | The union of several molecules of one or more compounds (monomers) to form a large molecule. |
| Polymers | Products made by polymerization. |
| Polystyrene | A plastic obtained by the polymerization of styrene, an aromatic compound. |
| Polyvinyl chloride or PVC | A plastic obtained by the polymerization of VCM. |
| Processing agents | Products that facilitate the conversion of polymers by molding or extrusion. |
| Product life cycle | Refers to the various processing stages of a material, from raw material extraction through to management of end-of-life. |
| PTFE | The ISO code for polytetrafluoroethylene. |
| PVC | The ISO code for vinyl polychloride or polyvinyl chloride. |
| PVDF | The ISO code for polyvinylidene fluoride. |
| RCMS | The Responsible Care® Management System. |
| REACH (Registration, Evaluation and Authorisation of Chemicals) | The European regulation n° 1907/2006 of the Parliament and the Council dated 18 December 2006, concerning the registration, evaluation and authorisation of chemical substances, that came into force on 1 June 2007. |
| Responsible Care® | A voluntary initiative by the world chemical industry to achieve continuous progress in safety, health and environment, managed in France by the UIC under the name of "Engagement de progrès®" ("Commitment to Progress"). |
| SDS (or MSDS) | Safety data sheet (or Material safety data sheet). |
| SF ₆ | Sulfur hexafluoride. |
| SO ₂ | Sulfur dioxide. |
| Sodium chlorate | Sodium salt used in the treatment of paper pulp, as a herbicide, or as a synthesis intermediate. |
| Sodium perchlorate | Sodium salt used as a synthesis intermediate. |
| SQAS | Safety and Quality Assessment Systems. |
| Stabilizers | Additives used to preserve a given composition of a product. |
| Surfactant | An agent that causes an increase in a liquid's flow and wetting properties by lowering its surface tension. |
| T111 | 1.1.1-trichloroethane. |
| The Spin-Off of Arkema's Businesses | Refers to the transaction, the subject of the prospectus that received the <i>Autorité des marchés financiers</i> visa n° 06-106 dated 5 April 2006. |
| Thioglycolic acid | An organic thio-acid used in a variety of applications (notably the stabilization of PVC and cosmetics). |
| Total Spin-Off | The contribution by Total S.A. of shareholdings in the entities carrying out Arkema Businesses. |
| UIC | Union des Industries Chimiques (Union of Chemical Industries). The professional body of the chemical industry in France. |
| Unsaturated polyesters | Esters with high molecular weights produced by the linking of numerous ester molecules that have double bonds between carbon atoms. |



| Term | Definition |
|--|--|
| Urea formaldehyde resins | Synthetic resins obtained by the reaction of condensation between urea and formaldehyde. |
| VCM | The ISO code for vinyl chloride monomer. |
| VF2 | The PVDF monomer. |
| Vinyl acetate | An ester derived from methanol and mainly used as raw material for EVAs (functional polyolefins). |
| Vinyl compounds and PVC compounds | Ready-to-use materials produced by mixing PVC with additives (plasticizers, stabilizers, colorants, etc.). |
| VOC | Volatile organic compounds. |



28 Cross-reference table

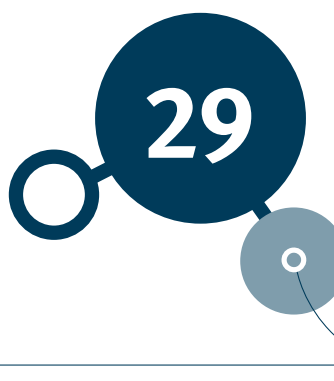
| In accordance with Annex I of EC regulation n° 809/2004 of 29 April 2004 | | Reference document | |
|--|---|--------------------|--------------|
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| 6.2. | Principal markets | 4.4 | 17-26 |
| 6.3. | Exceptional factors influencing the information provided in accordance with items 6.1 and 6.2 | Not applicable | |

| In accordance with Annex I of EC regulation n° 809/2004 of 29 April 2004 | | Reference document | |
|--|---|----------------------------------|--------------------|
| N° | Heading | Section | Page(s) |
| 6.4. | Extent of the Company's dependence on patents and licenses, industrial, commercial or financial contracts or new manufacturing processes | 6.1 | 32-33 |
| 6.5. | Basis for any statements made by the Company regarding its competitive position | 4.4 | 17-26 |
| 7. | STRUCTURE | Chapter 7 | 49 |
| 7.1. | Description of the Group and the Company's position within the Group | Chapter 7 | 49 |
| 7.2. | List of the Company's significant subsidiaries | Chapter 7 | 49 |
| 8. | PROPERTY, PLANT AND EQUIPMENT | Chapter 8 | 51-58 |
| 8.1. | Material tangible fixed assets, either existing or planned | 8.1 | 52 |
| 8.2. | Environmental issues that may affect the Company's use of tangible fixed assets | 6.2.2, 6.3.4 and 8.2 | 36-38,43 and 52-58 |
| 9. | ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS | Chapter 9 | 59-70 |
| 9.1. | Description of the Company's financial condition, changes in its financial condition and results of its operations during each financial year and interim period for which historical financial information is required | 9.1, 9.2 | 60-69 |
| 9.2. | Operating income | 9.2.4 | 63-64 |
| 9.2.1. | Significant factors, including unusual or infrequent events or new developments materially affecting or that may materially affect the Company's income from operations | 9.2.4, 9.2.5.1, 9.2.5.2, 9.2.5.3 | 63-66 |
| 9.2.2. | Discussion of changes in net sales or revenues | 9.2.4, 9.2.5.1, 9.2.5.2, 9.2.5.3 | 63-66 |
| 9.2.3. | Governmental, economic, fiscal, monetary or political strategy or factors that have materially affected or could materially affect the Company's operation | 9.2.4, 9.2.5.1, 9.2.5.2, 9.2.5.3 | 63-66 |
| 10. | CASH AND SHAREHOLDERS' EQUITY | 10 | 71-73 |
| 10.1. | Information about the Company's capital resources (both short-and long-term) | 10.1 | 72 |
| 10.2. | Sources and amounts of Company's cash flows and description of these cash flows | 10.1 | 72 |
| 10.3. | Information on the Company's borrowing requirements and funding structure | 10.2 | 72 |
| 10.4. | Information regarding any restrictions on the use of capital resources liable to have a significant effect, whether direct or indirect, on the operations of the Company | 10.4 | 73 |
| 10.5. | Information regarding anticipated sources of funds required to honor any undertakings listed under headings 5.2.3 and 8.1 | 5.2.2 and 10.5 | 30 and 73 |
| 11. | RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES | Chapter 11 | 75-79 |
| 12. | TREND INFORMATION | Chapter 12 | 81-82 |
| 12.1. | Most significant trends in production, sales and inventory, costs and selling prices from the end of the last financial year up to the date of the reference document | 12.1 | 82 |
| 12.2. | Information on any known trends, uncertainty, demands, commitments or events that are reasonably likely to have a material effect on the Company's outlook for at least the current financial year | 12.2 | 82 |
| 13. | PROFIT FORECASTS OR ESTIMATES | Chapter 13 | 83 |
| 13.1. | Declaration regarding the main assumptions on which the Company has based its forecasts or estimates | Not applicable | |
| 13.2. | Report from the statutory accountants or auditors | Not applicable | |
| 13.3. | Profit forecast or estimate prepared on a basis comparable to historic financial information | Not applicable | |
| 13.4. | Declaration indicating whether or not the profit forecast is still valid at the date of the reference document and, if not, explain why it is no longer valid | Not applicable | |

| In accordance with Annex I of EC regulation n° 809/2004 of 29 April 2004 | | Reference document | |
|--|---|--------------------|----------------|
| N° | Heading | Section | Page(s) |
| 14. | ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND EXECUTIVE COMMITTEE OF THE COMPANY | Chapter 14 | 85-93 |
| 14.1. | Names, business addresses and functions in the issuer of the following persons and an indication of the principal activities performed by them outside that issuer where these are significant with respect to that issuer: a) members of the administrative, management or supervisory bodies; b) partners with unlimited liability, in the case of a limited partnership with a share capital; c) founders, if the issuer has been established for fewer than 5 years; and d) any member of the Executive Committee who is relevant to establishing that the issuer has the appropriate expertise and experience for the management of the issuer's business. The nature of any family relationship between any of those persons. In the case of each member of the administrative, management or supervisory bodies of the issuer and of each person mentioned in points (b) and (d) of the first subparagraph, details of that person's relevant management expertise and experience and (a) the names of all companies and partnerships of which such person has been a member of the administrative, management or supervisory bodies or partner at any time in the previous 5 years; (b) any convictions in relation to fraudulent offences for at least the previous 5 years; (c) details of any bankruptcies, receiverships or liquidations for at least the previous 5 years; (d) details of any official public incrimination and/or sanctions of such person by statutory or regulatory authorities and whether such person has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous 5 years. Declaration that there is no such information to be disclosed. | 14.1, 14.2, 14.3 | 86-92 |
| 14.2. | Conflicts of interest for members of administrative, management and supervisory bodies and members of the Executive Committee and any arrangement or understanding | 14.4 | 93 |
| 15. | COMPENSATION AND BENEFITS | Chapter 16 | 113-117 |
| 15.1. | The amount of compensation paid and benefits in kind granted by the Company and its subsidiaries | 16.1 | 114-117 |
| 15.2. | Total amounts covered by provisions or recorded elsewhere by the Company and its subsidiaries for purposes of paying pension, retirement or other benefits | 16.2 | 117 |
| 16. | FUNCTIONING OF ADMINISTRATIVE AND MANAGEMENT BODIES | Chapter 15 | 95-112 |
| 16.1. | Date of expiration of the current term of office, if applicable, and the period during which the person has served in that office | 14.1 | 86-91 |
| 16.2. | Information about members of the administrative, management or supervisory bodies' service contracts with the Company or any of its subsidiaries providing for benefits upon termination of employment, or an appropriate negative statement. | 14.5 | 93 |
| 16.3. | Information on the Company's audit committee and compensation committee | 15.3.3 | 102-104 |
| 16.4. | A statement as to whether or not the Company complies with the corporate governance regime in its country | 15.8 | 112 |
| 17. | EMPLOYEES | Chapter 17 | 119-134 |
| 17.1. | Number of employees at the end of each period covered by the historical financial information or the average number over each financial year of this period and the breakdown of employees by main category of activity and by location | 17.1.1 | 120-121 |
| 17.2. | Shareholdings and stock options. Indication of the same information regarding directors of the Company | 17.5 | 130-133 |
| 17.3. | Description of any arrangements for involving employees in the capital of the Company | 17.5 | 130-133 |
| 18. | MAJOR SHAREHOLDERS | Chapter 18 | 135-138 |
| 18.1. | The name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the Company's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest or, if there are no such persons, an appropriate negative statement | 18.1 | 136-137 |
| 18.2. | Different voting rights or an appropriate negative statement | 18.2 | 138 |
| 18.3. | Direct or indirect control over the Company | 18.4 | 138 |
| 18.4. | A description of any arrangements, known to the Company, the operation of which may at a subsequent date result in a change in control of the Company | 18.4 | 138 |

| In accordance with Annex I of EC regulation n° 809/2004 of 29 April 2004 | | Reference document | |
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| N° | Heading | Section | Page(s) |
| 19. | RELATED PARTY TRANSACTIONS | Chapter 19 | 139 |
| 20. | FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL CONDITION AND RESULTS OF THE COMPANY | Chapter 20 | 141-214 |
| 20.1. | Historical financial information | Chapter 20 | 141-214 |
| 20.2. | Pro forma financial information | Not applicable | |
| 20.3. | Financial statements | Chapter 20 | 141-214 |
| 20.4. | Auditing of historical financial information | Chapter 20 | 141-214 |
| 20.4.1. | Declaration that the historical financial information has been audited | Chapter 20 | 141-214 |
| 20.4.2. | Other information in the reference document which has been audited by the statutory auditors | Not applicable | |
| 20.4.3. | Where financial data in the registration document is not extracted from the Company's audited financial statements, state the source of the data and state that the data is unaudited | Not applicable | |
| 20.5. | Date of the latest audited financial information | 9.1.1, Chapter 20 | 60,141-214 |
| 20.6. | Interim and other financial information | Not applicable | |
| 20.6.1. | Quarterly or half yearly financial information published since the last financial statements and, where appropriate, the audit or review report | Not applicable | |
| 20.6.2. | Interim financial information, which may be unaudited, covering at least the first six months of the financial year if the reference document is dated more than nine months after the last audited financial year | Not applicable | |
| 20.7. | Dividend policy | 10.6 | 73 |
| 20.7.1. | Dividend per share | 10.6 | 73 |
| 20.8. | Legal and arbitration proceedings | 6.4 | 44-48 |
| 20.9. | Significant change in the issuer's financial or trading position | Not applicable | |
| 21. | ADDITIONAL INFORMATION | Chapter 21 | 215-224 |
| 21.1. | Share capital | 21.1 | 216 |
| 21.1.1. | The amount of issued capital, the number of shares authorized, the number of shares issued and fully paid, the number of shares issued but not fully paid, the par value per share and a reconciliation of the number of shares in issue at the beginning and end of the year | 21.1.1 | 216 |
| 21.1.2. | Shares not representing capital | 21.1.3 | 216 |
| 21.1.3. | The number, book value and par value of shares in the Company held by or on behalf of the issuer itself or by subsidiaries of the issuer | 21.1.4 | 216-218 |
| 21.1.4. | Convertible securities, exchangeable securities or securities with warrants | 21.1.5 | 219-220 |
| 21.1.5. | Information about and terms of any acquisition rights and/or obligations over authorized but unissued capital or an undertaking to increase the capital | 21.1.6 | 220 |
| 21.1.6. | Information about any capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option | 21.1.6 | 220 |
| 21.1.7. | History of share capital for the period covered by the historical financial information | 21.1.7 | 220 |
| 21.2. | Memorandum and Articles of Association | 21.2 | 220-224 |
| 21.2.1. | Company purpose | 21.2.1 | 220 |
| 21.2.2. | Members of administrative, management and supervisory bodies | 21.2.2 | 221 |
| 21.2.3. | A description of the rights, preferences and restrictions attaching to each class of the existing shares | 21.2.3 | 221 |
| 21.2.4. | A description of what action is necessary to change the rights of holders of the shares | 21.2.5 | 221 |
| 21.2.5. | A description of the conditions governing the manner in which annual general meetings and extraordinary general meetings of shareholders are called, including the conditions of admission | 21.2.6 | 222-223 |

| In accordance with Annex I of EC regulation n° 809/2004 of 29 April 2004 | | Reference document | |
|--|---|-----------------------|----------------|
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| 21.2.6. | A brief description of any provision of the Company's Articles of Association, statutes, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the issuer | 21.2.7 | 223 |
| 21.2.7. | An indication of the Articles of Association, statutes, charter or bylaw provisions, if any, governing the ownership threshold above which shareholder ownership must be disclosed | 21.2.8, 21.2.9 | 224 |
| 21.2.8. | A description of the conditions imposed by the memorandum and Articles of Association statutes, charter or bylaw governing changes in the capital, where such conditions are more stringent than is required by law | Not applicable | |
| 22. | SIGNIFICANT CONTRACTS | Chapter 22 | 225-234 |
| 23. | THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST | Not applicable | |
| 23.1. | Information regarding persons having issued a declaration or report | Not applicable | |
| 23.2. | Confirmation that information has been accurately reproduced and that no facts have been omitted which would render the reproduced information inaccurate or misleading | Not applicable | |
| 24. | DOCUMENTS AVAILABLE TO THE PUBLIC | Chapter 24 | 237-242 |
| 25. | INFORMATION ON SHARES HELD BY THE COMPANY | Chapter 25 | 243-251 |



29 Reconciliation table

This reference document features all the elements of the Company's management report as required under articles L. 225-100 and seq., L. 232-1, II and R. 225-102 of the French commercial code (*Code de commerce*). It also features all information from the annual financial report referred to under article L. 451-1-2 of the French monetary and financial code (*Code monétaire et financier*) and article 222-3 of the general regulation of the *Autorité des marchés financiers*.

In order to facilitate the reading of the management report and the annual financial report mentioned above, the following reconciliation table has been prepared to help identify the sections constituting these reports. However, some sections of this reference document which also constitute sections of the management report by the Board of Directors, have been completed since 4 March 2009, date at which this report was reviewed by the Board of Directors. It concern mainly chapters or sections 4.4, 6, 10, 17.3, 18, 21.1.4 and 22. The reconciliation table also lists the other reports by the Board of Directors and the reports by the statutory auditors.

| N° | Information | Reference |
|----------------------------|--|---|
| I Management report | | |
| 1 | Situation and activity of the Company during the past year and, where applicable, its subsidiaries and the companies under its control | Chapter 4, sections 5.1.5, 5.1.6 and 5.2, section 9.2, note 30 of the notes to consolidated financial statements, section A of the notes to consolidated financial statements |
| 2 | Modifications to accounts presentation method and to evaluation methods used in previous years | Section B of the notes to consolidated financial statements |
| 3 | Results of the activity of the Company, its subsidiaries and the companies under its control | Section 9.2 |
| 4 | Key financial performance indicators | Chapter 3 |
| 5 | Analysis of evolution of the business, the results and the financial situation | Section 9.2 |
| 6 | Progress achieved or problems encountered | Section 9.2 |
| 7 | Description of main risks and uncertainties facing the Company (including the Company's exposure to financial risks) | Chapter 6 |
| 8 | Indications on the use of financial instruments, and the Company's objectives and policy in terms of financial risk management | Chapters 6 and 10 |
| 9 | Significant events that have occurred since the accounts closing date | Section 5.1.6 |
| 10 | Foreseeable evolution and outlook of the Company | Chapters 12 and 13 |
| 11 | Research and development activities | Chapter 11 |
| 12 | List of terms of office and duties held in any company by each director in the year ended | Section 14.1 |
| 13 | Total compensation and employee benefits of any kind paid to each director in the year ended ⁽²⁹⁾ | Chapter 16 |
| 14 | Undertakings of any kind made by the Company for the benefit of its executive officers, corresponding to items of compensation, indemnities or benefits due or expected to be due as a result of the commencement or termination of these duties or to changes in these duties, or post-duties | Chapter 16 |

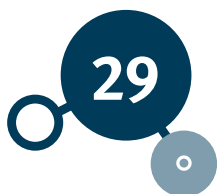
(29) This includes compensations and employee benefits granted by the Company and its subsidiaries, including in the form of allocation of equity securities, debt securities, or securities giving access to equity. A distinction should be made between the fixed, variable and exceptional components making up these compensations and employee benefits, as well as the criteria used to calculate them or the circumstances on the basis of which they have been established.

| N° | Information | Reference |
|----|---|---|
| 15 | Operations conducted by the directors and members of the Executive Committee on the Company's securities | Section 14.6 |
| 16 | Key environmental and personnel indicators | Section 8.2.2 and chapter 17 |
| 17 | Personnel information: | |
| | Total headcount, new recruits (fixed term and permanent contracts), recruitment problems, if applicable, redundancies and their reasons, overtime, subcontracted labor | Sections 17.1.1, 17.1.2 and 17.1.3 |
| | If applicable, information relating to personnel reduction and job protection plans, rehiring and support measures | Section 17.3 |
| | Organization of working week, number of working hours for full-time and part-time employees, absenteeism | Section 17.1.3 |
| | Compensations and evolution of compensations, social security contributions, application of provisions under title IV of book IV of French Labor Code, professional equality between men and women | Section 17.1.6 |
| | Professional relations and review of collective agreements | Section 17.3.1 |
| | Health and safety conditions | Section 17.2 |
| | Training | Section 17.1.5 |
| | Employment and hiring of disabled people | Section 17.1.7 |
| | Welfare initiatives | Section 17.6 |
| | Importance of subcontracting and manner in which the Company promotes within its subcontractors and ensures compliance by its subsidiaries with the provisions of the fundamental conventions of the International Labor Organization | Section 17.2.1 |
| | Manner in which the Company takes account of the regional impact of its activities in terms of employment and regional development | Section 17.6 |
| | Relations between the Company and employment associations, educational establishments, environmental associations, consumer associations and local communities | Sections 17.1.2 and 17.6 |
| | Manner in which the Company's foreign subsidiaries take account of the impact of their activities on regional development and on local communities | Section 17.6 |
| 18 | Employee share ownership situation | Sections 17.5.3 and 18.1 |
| 19 | Environmental information: | |
| | Consumption of water, raw material and energy resources, with, where applicable, the measures taken to improve energy efficiency, the use of renewable energies, conditions for using soil, emissions to air, water and soil with a serious impact on the environment, noise and odour pollution, wastes | Section 8.2.2 |
| | Measures taken to minimize impacts on biological balance, the natural environment, protected animal and plant species | Section 8.2.2 |
| | Evaluation and certification initiatives taken as regards the environment | Section 8.2.2 |
| | Measures taken, where applicable, to ensure compliance of the Company's activity with the relevant applicable legal and regulatory requirements | Sections 6.2.2 and 8.2 |
| | Expenditure incurred to prevent the consequences of the Company's activity on the environment | Section 8.2 |
| | Existence within the Company of internal environment management departments, training and information of employees regarding the environment, resources allocated to minimizing environmental risks, organization put in place to deal with accidental pollution where the consequences impact beyond the Company's site boundaries | Sections 8.2.3, 15.7.1.6, 17.1.5 and 17.2 |
| | Amount of provisions and guarantees for environmental risks | Sections 6.3.4 and 8.2.2.2 |
| | Amount of indemnities paid during the year in enforcing court orders regarding the environment and actions carried out in reparation or compensation of damages caused to the environment | Not applicable |
| | Environmental objectives assigned by the Company to its foreign subsidiaries | Section 8.2.2 |
| 20 | Information on the technological accident risk prevention policy, the Company's ability to cover its civil liability toward property and people as a result of classified facilities, and resources provided for to ensure the management of compensation to victims of technological accident involving the Company's responsibility | Sections 6.3.4 and 8.2 |

| N° | Information | Reference |
|-----------|--|--|
| 21 | Shareholdings in companies headquartered in France and representing over 1/20, 1/10, 1/5, 1/3, ½ or 2/3 of these companies' capital or voting rights | Chapter 25 |
| 22 | Transfer or disposal of shares undertaken to regularize cross shareholdings | Not applicable |
| 23 | Natural persons or corporate bodies holding directly or indirectly over 1/20, 1/10, 3/20, 1/5, 1/4, 1/3, 1/2, 2/3 or 19/20 of the Company's share capital or voting rights at annual general meetings | Section 18.1 |
| 24 | Injunctions or financial penalties in respect of anticompetitive practices | Section 6.4 |
| 25 | Items that may have an incidence in the event of a public offering: | |
| | Structure of the Company's capital | Section 18.1 |
| | Restrictions under the Articles of Association on the exercising of voting rights and the transfer of shares, clauses of the agreements notified to the Company pursuant to article L. 233-11 of the French Commercial Code | Sections 18.2, 18.3, 18.4, 21.2.6, 21.2.7, 21.2.8 and 21.2.9 |
| | Direct or indirect shareholdings in the Company's capital of which it is aware under articles L. 233-7 and L. 233-12 of the French Commercial Code | Section 18.1 |
| | List of bearers of any securities entailing special controlling rights and description thereof | Not applicable |
| | Control mechanisms in place for personnel shareholding scheme, if applicable, where controlling rights are not exercised by the latter | Not applicable |
| | Agreements between shareholders of which the Company is aware and which can entail restrictions on the transfer of shares and on the exercising of voting rights | Not applicable |
| | Rules applicable to the nomination and replacement of members of the Board of Directors, and to amendments to the Company's Articles of Association | Sections 15.1, 15.2 and 21.2 |
| | Powers of the Board of Directors, in particular regarding share issuance and buy-back | Sections 15.1 and 21.1.5 |
| | Agreements reached by the Company and which are amended or lapse in the event of a change of control ⁽³⁰⁾ | Sections 10.2 and 22.2 ⁽³¹⁾ |
| | Agreements providing indemnities to members of the Board of Directors or to employees who resign or are made redundant without any real or serious reason or if their job is made redundant as a result of a public offering | Chapter 16 |
| 26 | Company management mode (only in the event of amendments) | Not applicable |
| 27 | Items of calculation and results of adjustment of conversion bases or of exercising of securities giving access to capital and of stock options | Section 17.5 |
| 28 | Information on share buy-back programs | Section 21.1.4 |
| 29 | Summary table of outstanding delegations regarding share capital increase | Section 21.1.5 |
| 30 | Table of results of the Company in the last 5 years | Section 20.7 |
| 31 | Amount of dividends distributed in the last 3 years | Section 10.6 |
| II | Annual financial report | |
| 1 | Annual accounts | Sections 20.5 and 20.6 |
| 2 | Consolidated accounts | Sections 20.2 and 20.3 |
| 3 | Report by statutory auditors on annual accounts | Section 20.4 |
| 4 | Report by statutory auditors on consolidated accounts | Section 20.1 |
| 5 | Management report featuring at least the information mentioned under articles L. 225-100, L. 225-100-2, L. 225-100-3 and L. 225-211 paragraph 2 of the French Commercial Code | Please refer to the management report indicated under I above, and in particular items 4, 5, 7, 8, 25, 28 and 29 |
| | Declaration by the people accepting responsibility for the management report | Chapter 1 |
| 6 | Statutory auditors' fees | Section 9.4 |
| 7 | Report by the Chairman on the conditions for preparing and organizing the Board of Directors' work as well as the internal control procedures implemented by the Company | Annex 1, sections 15.3, 15.4, 15.5 and 15.7 |

(30) Except if this disclosure, excluding cases of lawful disclosure, were to violate the Company's interests.

(31) The significant contracts will need to be reviewed to establish whether they feature or otherwise clauses on change of control.



RECONCILIATION TABLE

| N° | Information | Reference |
|------------|---|----------------|
| 8 | Report by the statutory auditors on internal control | Annex 1 |
| 9 | List of all information published by the Company or made public in the last 12 months | Section 24.2 |
| III | Other documents | |
| 1 | Special report by statutory auditors on regulated conventions | Annex 2 |
| 2 | Agenda for the combined general meeting on 15 June 2009 | Annex 3 |
| 3 | Resolutions proposed to the combined general meeting on 15 June 2009 | Annex 4 |
| 4 | Report by the Board of Directors to the combined general meeting on 15 June 2009 | Annex 5 |
| 5 | Report by statutory auditors on the delegations granted by the general meeting to the Board of Directors | Annex 6 |
| 6 | Complementary report by the Board of Directors on the use in 2008 of financial delegations granted by the general meeting | Annex 7 |
| | Report by statutory auditors on the use in 2008 of financial delegations granted by the general meeting to the Board of Directors | Annex 8 |
| 7 | Special report by the Board of Directors on stock options and free share allocations | Section 17.5.4 |



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